

TOKYO TATEMONO GROUP

INTEGRATED REPORT 2023



Foreword

Thank you for taking the time to review the Tokyo Tatemono Group Integrated Report 2023.

We have been publishing integrated reports since 2019, and this is our fifth. I speak regularly with our shareholders, our investors and a wide range of our stakeholders. Each year, I keep those interactions in mind as we work to improve the content of this report. I hope it can serve as a tool to help people understand our company more deeply and to enrich our conversations.

We will continue working to enhance and improve the content of our disclosure and the transparency of information so that we can clearly communicate our management vision and goals. I hope that you will read this integrated report in full and share frankly any thoughts or impressions you may have. We appreciate your continued support.

July 2023

Representative Director, Senior Managing Executive Officer



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Corporate Philosophy

“Trust beyond the era.”

We aim to grow the Company and to create a prosperous society,
taking pride in the level of trust placed in us for more than a century.

Corporate Stance

We support affluent and dream-filled living.
We aim to create comfortable urban environments.
We create worthwhile spaces offering peace of mind.

Editorial Policy

The *Tokyo Tatemono Integrated Report 2023* has been prepared with the goals of enhancing communication with stakeholders and fostering understanding regarding the intentions of the Tokyo Tatemono Group to create value over the medium to long term through the provision of financial and non-financial information. For future reports, we intend to incorporate feedback from readers to improve the content.

Reporting Period

This report primarily covers fiscal 2022, the fiscal year ended December 31, 2022. However, some information on activities before or after this period and forward-looking forecasts are also included.

Scope of Reporting

The scope of this report includes Tokyo Tatemono Co., Ltd. and Tokyo Tatemono Group companies.

Referenced Frameworks

In preparing this report, we referenced the Guidance for Integrated Corporate Disclosure and Company Investor Dialogues for Collaborative Value Creation: ESG Integration, Non-Financial Information Disclosure, and Intangible Assets into Investment released by the Ministry of Economy, Trade and Industry and the IFRS Foundation's International Integrated Reporting Framework. Non-financial information has been disclosed with reference to the standards of the Global Reporting Initiative.



Disclaimer Regarding Forward-Looking Statements

Data and information regarding future outlooks provided in this integrated report are forward-looking statements based on the Company's judgments in light of currently available information. Actual results may differ materially from those projected as a result of economic conditions, market trends, demand fluctuations, foreign exchange rate movements, and other factors.

A History of Value Creation

A pioneer of the modern real estate industry and driven by ideals inherited from Zenjiro Yasuda, the founder not only of the Company but of the former Yasuda conglomerate, Tokyo Tatemono has been a trailblazer since its founding. With a solid 125-year track record of value creation, we have established three distinct pillars of strength.

Strength 1

Ingenuity and Problem-solving Ability to Meet the Needs of Customers and Society

1896

Japan's Oldest Comprehensive Real Estate Company, Created with the Aim of Modernizing the Real Estate Trade

Urbanization progressed as infrastructure and other improvements were made and demand for real estate was on the rise. Unfortunately, the real estate trade of the time was highly inefficient and rife with fraud.

It was amid this business environment that Zenjiro Yasuda founded Tokyo Tatemono in 1896 with the aim of modernizing the industry and promoting urban development while selling and contracting the construction of buildings using real estate financing and loans.



Zenjiro Yasuda



The Company's first headquarters



Shinjuku Center Building has become a west Shinjuku landmark and contributed greatly to raising Tokyo Tatemono's profile and subsequent business expansion. (Built in 1979)

1945

The Expansion of Commercial Properties and Residential Businesses amid Post-War Rebuilding Efforts and Rapid Economic Growth

The post-World War II era saw high demand for reconstruction-related demand driving fast-paced growth for Tokyo Tatemono as a company as well as throughout our industry.

During Japan's period of rapid economic growth, we responded to a serious urban housing shortage and rising demand for residences near workplaces by making a full-fledged entry into the condominium business. Supplying high-quality yet budget-friendly condominiums, we garnered customer support.

At the same time, we focused efforts on developing office buildings to meet the rising demand as urban functions came to be increasingly consolidated in city centers.

Strength 2

Corporate Culture Able to Read the Times and Take on New Challenges

Circa
1990

Striving to Differentiate Ourselves by Leveraging the Comprehensive Strength of the Group

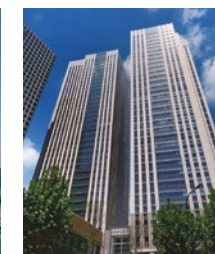
After the collapse of Japan's economic bubble, we deftly adapted to the changing business environment by, in part, planning seismically isolated and fixed-term lease condominiums and proactively participating in redevelopment projects. In 1998, we also proactively expanded into the real estate investment market, conducting the first securitization of real estate in Japan under the Special Purpose Company Act. In 2003, we unified our condominium operations under the Brillia brand and in 2004, began giving tours of construction sites, the first in the industry to do so.

In the Commercial Properties Business, we rapidly grew as a comprehensive real estate developer with repeated successes in highly difficult complex redevelopment projects as well as private finance initiative (PFI) projects.

Brillia



Olinas is Tokyo's first complex redevelopment project in which three aspects of urban planning were determined simultaneously. (Built in 2006)



KASUMIGASEKI COMMON GATE is a pioneering public-private, large-scale redevelopment project executed using a private finance initiative (PFI) structure. (Built in 2007)

Strength 3

Accumulated Trust, Track Record of Accomplishments, and Expertise

Late
2000s
|

Urban Development Leading to a Future of Added Value Creation

Drawing on its accumulated expertise, Tokyo Tatemono aggressively undertakes ever larger redevelopment projects expected to create added value.

Although we recorded a loss following the global financial crisis, we strengthened our financial standing in part through the sale of some assets.

We continue to participate in multiple large-scale redevelopment projects and expand our portfolio of high-quality real estate in part through the acquisition of various assets, including logistics facilities and hotels.



NAKANO CENTRAL PARK enables an efficient office layout through the use of a mega plate (for an uninterrupted single floor) measuring 1,500 tsubo (nearly 5,000 m²) while offering a new style of working in an open, green environment. (Built in 2012).



Brillia Tama New Town is Japan's largest apartment complex reconstruction project. (Built in 2013)



Brillia Tower Ikebukuro is Japan's first high-rise condominium that integrates the main building of a municipal office. The property features a low-rise section that serves as the main Toshima Ward office building, along with retail facilities and offices. The high-rise tower section houses 432 residential units. (Built in 2015)

2020
|

Becoming a Next-Generation Developer

We Aim to Provide Value of Place and Maximize Value of Experience

Since 2020, in line with our long-term vision of becoming a next-generation developer by around 2030, we have striven to offer better solutions to society's problems and raise our own growth as an enterprise to a higher level.

We are working to enhance ESG management as set out in the medium-term business plan spanning fiscal 2020 to 2024 and are pursuing sustainable, high value-added urban development based on the Group's material issues.



Hareza Ikebukuro is a large-scale complex on the site of the former Toshima ward office and Toshima public hall. (Built in 2020)

With eight theaters, we frequently promote different genres of culture at the same time and strive to make the entire area more exciting and attractive through area management activities enabled by the formation of a general incorporated association.



Urban Redevelopment Project for Yaesu 1-Chome East Area in Front of Tokyo Station is a large-scale redevelopment project that includes the Company's former headquarters. (Construction slated to finish in FY2025)

We are currently working hard on the consolidation of advanced urban functions that help strengthen Tokyo's competitiveness on the international stage while pursuing high value-added urban development that connects local history and culture to the future.

The Tokyo Tatemono Group aims to realize its long-term vision of becoming a next-generation developer by continuing to implement a cycle of maximizing value of place and value of experience by leveraging the strengths we have cultivated through more than 125 years of business.

Strength 1

Ingenuity and Problem-solving Ability to Meet the Needs of Customers and Society

At Tokyo Tatemono, we listen to the needs of our customers, society, and local communities in order to sincerely address their problems and refine our proposals.

Strength 2

Corporate Culture Able to Read the Times and Take on New Challenges

Maintaining an enterprising spirit that stays ahead of the times is one of our guiding principles. Reflecting this principle, we have successfully promoted various industry firsts.

Strength 3

Accumulated Trust, Track Record of Accomplishments, and Expertise

We work in collaboration with local residents and governments to carry out many redevelopment and reconstruction projects and leverage our accumulated trust, track record of accomplishments, and expertise to tackle new projects.

Target for 2030 and Long-Term Vision

Becoming a Next-Generation Developer

The Tokyo Tatemono 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.

Solving Social Issues

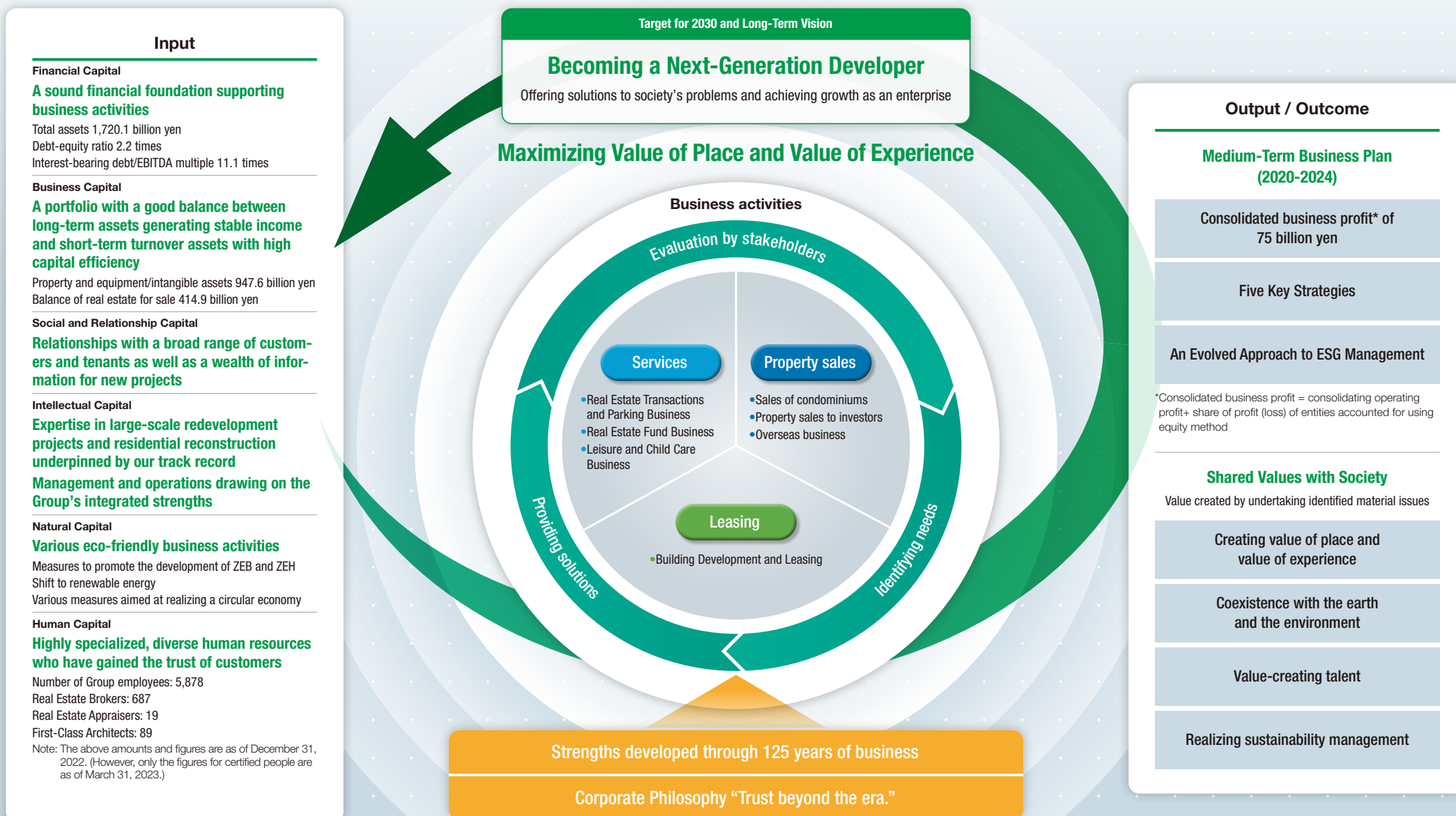
Growth as a Company

Maximizing Value of Place and Value of Experience



Value Creation Process

The value creation process of the Tokyo Tatemono Group is a cycle based on the corporate philosophy of “Trust beyond the era.” As input, we use various types of capital. Our output (real estate and services) comes from business activities enabled by the Group’s strengths. The outcome (results and value) further strengthens our capital.

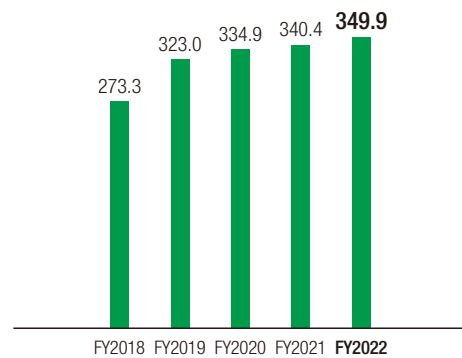


Financial and Non-Financial Highlights

Financial Highlights

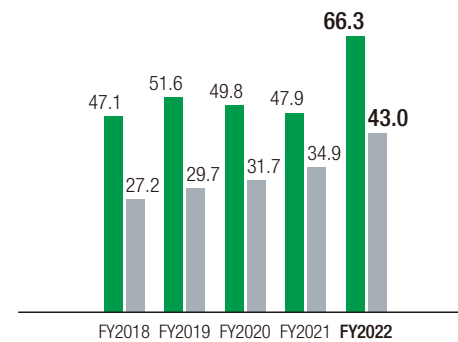
Operating Revenue

(Billion yen)

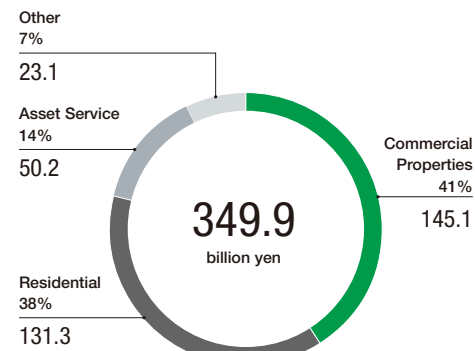


Business Profit / Profit Attributable to Owners of Parent

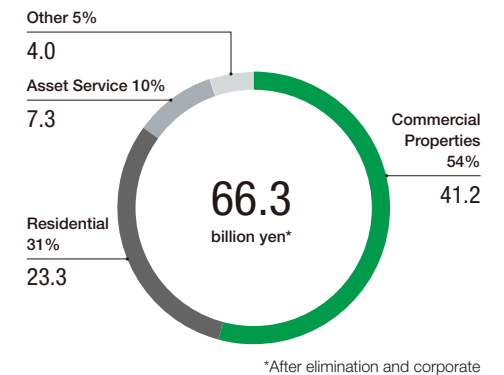
■ Business profit ■ Profit attributable to owners of parent
(Billion yen)



Operating Revenue per Segment (FY2022)

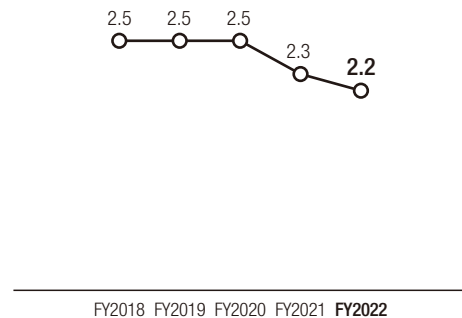


Business Profit per Segment (FY2022)



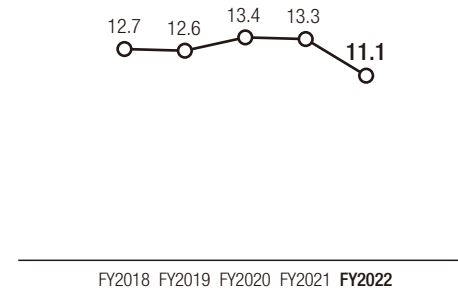
Debt-equity Ratio

(Times)



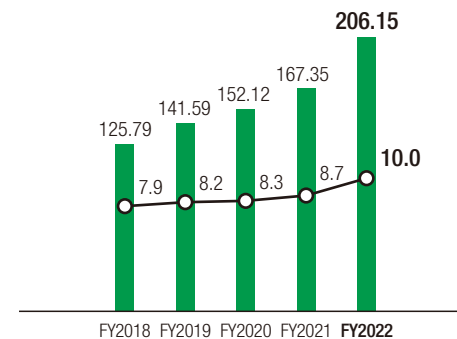
Interest-bearing Debt / EBITDA Multiple

(Times)



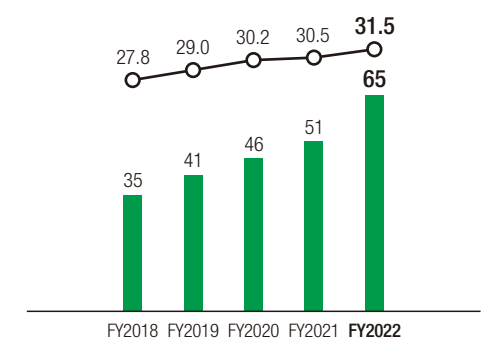
Earnings per Share (EPS) / ROE

■ Earnings per share (EPS) (Yen) ○ ROE (%)



Annual Dividend per Share / Payout Ratio

■ Annual dividend per share (Yen) ○ Payout ratio (%)



Financial and Non-Financial Highlights

Non-Financial Highlights

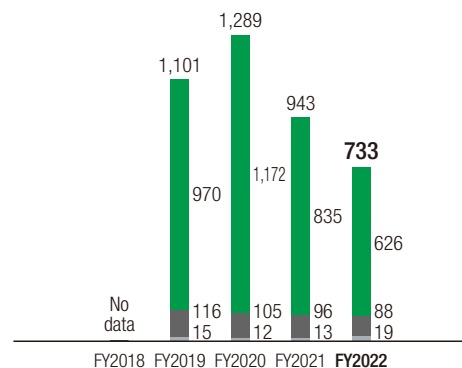
* For detailed information and notes on each item, please refer to the Data section of the Sustainability Report.



(Sustainability Report 2023) Data (Environment and Social) p. 85-91

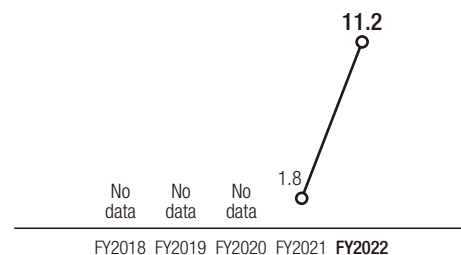
CO₂ Emissions

■ Scope 1 (fuel-derived) ■ Scope 2 ■ Scope 3
(Thousand t-CO₂)



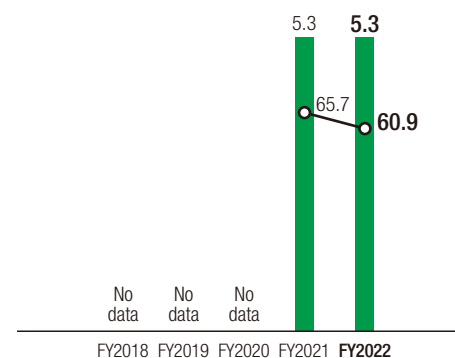
Renewable Energy (electricity) Usage Rate

(%)



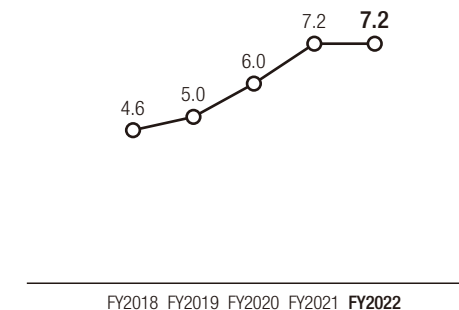
Waste Emissions per Unit Load of Production and Recycling Amount

■ Waste emissions per unit load of production (ton/thousand m²)
○ Recycling amount (%)



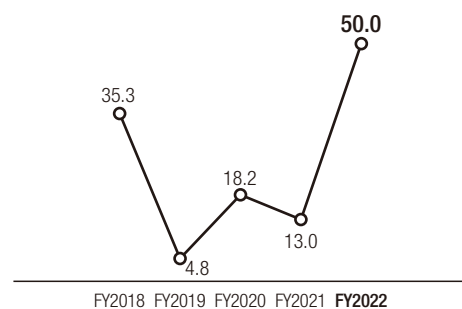
Percentage of Management Positions Held by Women

(%)



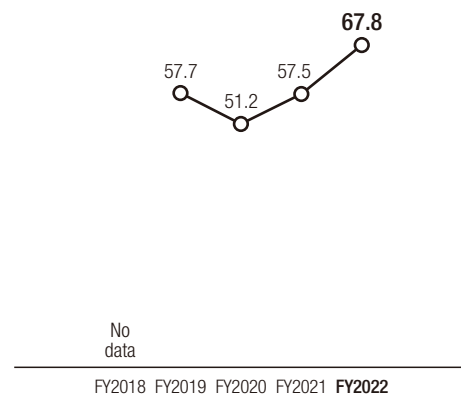
Percentage of Childcare Leave Taken (men)

(%)

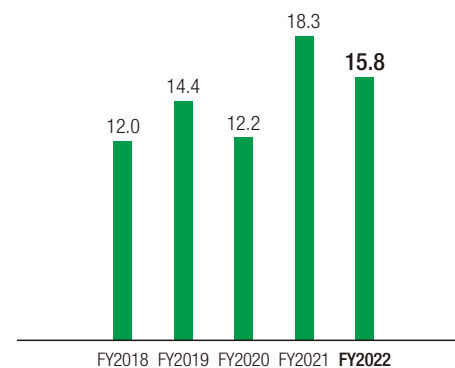


Average Annual Paid Leave Utilization Rate

(%)

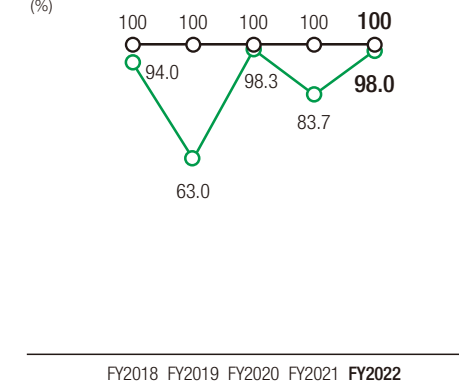


Average Annual Training Hours



Health Check-up and Reexamination Rate

○ Percentage of employees who underwent a health check-up
○ Health check reexamination rate
(%)



Message from the CEO

“Becoming a Next-Generation Developer” by drawing on our personal strengths to provide value in our everyday operations

Hitoshi Nomura

Representative Director
President and CEO



Message from the CEO

1 Engaging in urban development as a local of Yaesu-Nihonbashi-Kyobashi area

Founded 127 years ago in the Yaesu-Nihonbashi-Kyobashi area, Tokyo Tatemono is a true local and has worked with nearly everyone in the district. The Yaesu Project, a large-scale redevelopment project that encompasses our former headquarters building, is slated for completion in fiscal 2025 as an area of high-rise mixed-use buildings in front of Tokyo Station that will integrate tradition and modernity.

Well aware that real community development does not end with the construction of a building, we will continue to work cooperatively with others in the community to achieve more than a single company is able to do on its own. This project is in line with one of our material issues—strengthening Tokyo's competitiveness as an international city—and is essential to Japan's future prosperity.

The Yaesu-Nihonbashi-Kyobashi area is one of the most valuable areas in Tokyo and we are proud to be contributing to the city's competitiveness through a number of projects.

By fostering strong relationships with the community, passing on traditions and culture to the next generation, and offering appealing urban infrastructure and services that will aid in Tokyo's continued globalization, we will display our true worth as a developer.

2 The Company's strength lies in everyday personal strengths

The ordinary personal strengths of our employees are indispensable to our continued business as a developer. Involving more than 80 landowners, the Yaesu Project is one of the most challenging redevelopment projects in Japan in terms of securing agreements across the board. When working with individuals or corporations, the Company assigns responsibility for directly communicating with the clients to a single employee. They must consider: How do we gain their full trust? Put them at ease with entrusting us with their business? Make working with us even more appealing? Building solid one-on-one relationships over time through repeated contact eventually bears fruit, leading to the acquisition of projects and business success.

When building condominiums, it is not enough to simply subdivide buildings. Over the years, we have formed agreements with numerous landowners and management associations and then received orders for new reconstruction projects, creating a virtuous cycle; the sealing of deals often happens for reasons that have nothing to do with money, among them the trust that comes with the Tokyo Tatemono name or a client wanting to see things through to the very end with a trusted account manager. For developers, securing a consistent stream of future quality projects is essen-



tial. Sometimes new project propositions come in thanks to the referral of a satisfied customer. We constantly aspire to be a business with a reputation that grows organically through word of mouth and to further expand on this foundation because in some ways the world is smaller than you imagine. When you get right down to it, a company's strength comes down to retaining personnel with the requisite personal strengths.

We have established "Trust beyond the era." as our corporate philosophy. The conviction that trust is something that, once tarnished, can never be returned to its original luster, no matter how much time passes, is something I keep firmly in mind. Behaving with sincerity is a valuable skill. Every one of our employees considers the best way to gain customer trust and communities and then consistently acts accordingly, creating relationships and work that leads to future involvement. I believe this mindset is evident in the way we carry out everyday actions, such as greeting others, keeping promises, and maintaining eye contact during conversations. In light of this, the Company's ideal job candidates are trustworthy people who forge their own paths. At the same time, we must never lose sight of the need to be diligent and thorough.

The Company's corporate culture and DNA have played a role in shaping this mindset, which must be regularly reinforced and passed down. In the last few years, our employee engagement survey has identified a lack of communication as an issue, so we have launched various measures to redefine the Company's essential "goodness." We have recently expanded our workforce, bringing in both new graduates and mid-career professionals. Even so, we are a company with a limited number of employees, and we want to cultivate our strength by fostering a sense of unity.

Message from the CEO



3 | Expecting a solid business performance for the remaining two years of the medium-term business plan

Looking back on the five-year medium-term business plan that began in 2020 (the “Plan”), I realize we have made steady progress despite some unanticipated events. Kicking off at the start of the COVID-19 pandemic, the first three years were filled with uncertainty. However, the negative impact on our business performance proved to be not that significant, and some aspects of our business even benefited. Accordingly, the Company’s results remained solid, especially for our mainstay Commercial Properties Business and Residential Business.

In the Commercial Properties Business, the market’s vacancy rate rose due to effects of the pandemic, but we think the effects were temporary and will settle as things return to normal. In addition, we are aware that a number of companies have decided to permanently change their employees’ workstyles by switching to a focus on remote work and some have reduced their office space. However, I believe that there will be no major impact on Japan’s overall office market and that most companies will return to office-centric workstyles. Actually, because office demand peaked in 2019, we are now seeing a solid trend of companies that were unable to secure an office in their ideal location in the past seizing on the current opportunity to upgrade while integrating and expanding their office space. The massive supply of office space in 2023 has given rise to concerns that some areas could see another rise in vacancies in existing buildings in less attractive locations. However, given that our office portfolio is highly competitive and includes large-scale

redevelopment projects that will be completed in the near term, we have determined that for us there is no cause for serious concern.

In the Residential Business, sales prices are still on the rise due to a low interest rate environment and an increase in wealthy individuals in Japan. Interest in residences has been growing since the start of the pandemic. Owing to these factors, the market has remained stable. Also, prices are unlikely to fall because of a limited supply of newly built condominiums. In fiscal 2022, we were able to record a very high gross margin in excess of 30% for properties scheduled for delivery. Fiscal 2023 kicked off with the percentage of agreements for properties scheduled for delivery at over 70% and projections for fiscal 2024 call for the year to begin with the percentage at over 50%, as sales proceeded apace. We do not expect this business environment to change much and are not concerned about the outlook for the Residential Business in the Plan.

Meanwhile, in property sales to investors, which has expanded as a profit growth driver over the course of the Plan, we have been acquiring a diverse stock of assets, including logistics properties, and have been able to secure higher than expected sales prices. We recognize that there are concerns, especially among overseas investors, about the decline in the trading market due to rising interest rates, however, cash remains overabundant in Japan and steep interest rate hikes are unlikely, so I do not think there will be a significant impact on achieving the targets of the Plan.

Of course, due to changes in the business environment since the Plan was formulated, there are a few businesses where profit has been lower than anticipated. However, the aforementioned mainstay business results and property sales were able to offset any shortfalls. We are now even more confident that we will achieve the goals of the Plan.

4 | Continuing discussions aimed at sustainable growth and rational decision making

When considering sustainable growth, the Company’s most pressing concern is the magnitude and duration of the rising trend in construction costs. Although we have been seeing prices for materials and parts settling somewhat, personnel-related costs are still soaring due in part to the adoption of rules capping overtime work in the construction industry. We must consider the possibility that construction costs will stay high overall. Because construction is already under way, the impact of rising construction costs will be minimal for the Yaesu Project and most of the properties scheduled for sale during the Plan. In addition, because we reined in expenses to counter the rise in construction costs, I believe we can ensure appropriate profitability.

At issue going forward is land that has already been secured and ensuring the profitability of projects with agreements under which we bear the construction costs. From fiscal 2025, while rising

Message from the CEO

construction costs will have some effect on property sales to investors and condominium residences, we plan to fully start construction of other large-scale redevelopment projects. Most redevelopment projects are promoted in collaboration with groups of landowners, so it can be difficult to control when construction will begin. Aiming to achieve the profit growth outlined in the long-term vision, we need to regularly hold deeper discussions on what kind of strategies we should create for the entire Company.

We are also paying close attention to the effects of interest rate hikes on business results. Regarding fund procurement, we do not have any significant concerns because we have already been acquiring long-term, fixed-rate borrowings in consideration of the inherent nature of our business. However, in the Residential Business, performance is directly affected by customer's ability to purchase as well as the effects of the cap rate on real estate sales. Currently, long-term housing loan interest rates remain low and demand is holding steady. In my many years of experience, even if cap rates rise for logical reasons, when it comes to actual sales of highly competitive properties, transactions often take place at much higher levels, even in real estate sales. While keeping a watchful eye on the situation, we will continue to make rational decisions based on our experience to date and the local trade activity.

5 Focusing on initiatives aimed at sustainable management

Because the real estate business significantly affects the environment and society as a whole, we must address stakeholder demands head on to ensure the Company remains in operation. Although addressing environmental concerns could lead to higher costs, I feel that it is important to approach efforts to achieve the SDGs as opportunities as well as to consider the nature of the value we provide to customers and how our efforts are evaluated. Recognizing that it is imperative to intentionally set ambitious goals and have all employees work diligently together to achieve those goals, in fiscal 2021 we set medium- to long-term targets aimed at reducing greenhouse gas emissions and rolled out various initiatives. In February 2023, we further accelerated measures to achieve our medium- to long-term targets, for example, expanding the scope of properties covered and moving up the fiscal years we had originally set for achieving those targets. In the environmental field, while we may not have yet rolled out many measures unique to the Company, we have spearheaded such initiatives as installing solar panels on the roofs of developed logistics properties to supply power for in-house use with surplus power distributed to other Company facilities. Going forward, we will thoroughly discuss what the Company can and should do while striving to tackle challenges in various fields.

In April 2022, we identified seven priority issues related to human rights and began expanding human rights assessments when entering new businesses overseas. In the supply chain, we have made steady progress, such as attaching the Group's sustainable procurement standards to construction subcontracting agreements, encouraging compliance, and conducting surveys to monitor compliance status.

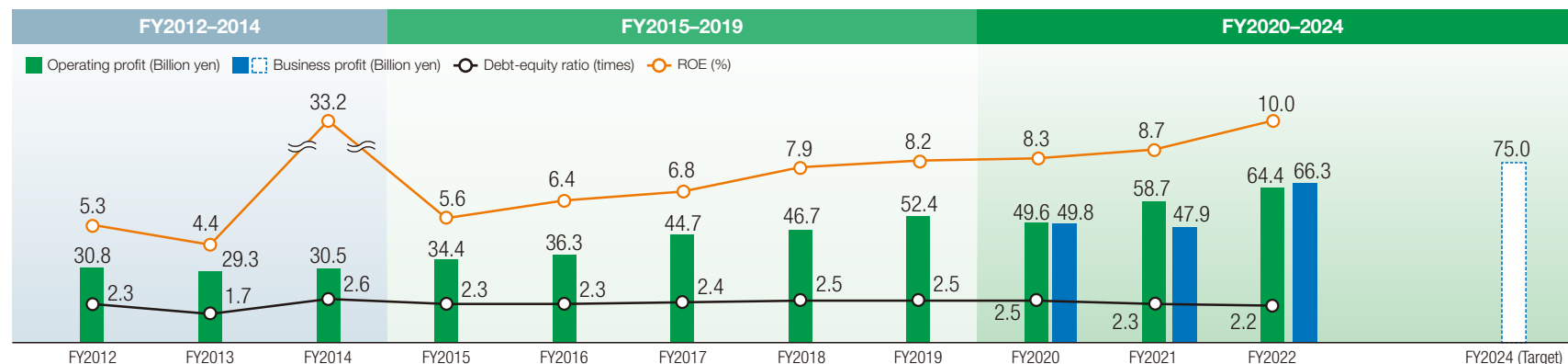
Regarding governance, I feel that discussions are frank regardless of the meeting type, whether they be the Company's Board of Directors meetings or management meetings. External directors have brought a fresh perspective, pointing out internal practices that have become habitual. Due to the nature of the real estate business, the amount of money involved in each investment project is ever larger. As a result, Board of Directors meetings were taking longer and longer to discuss each project. By further expanding the scope granted to managing officers for decision making regarding investment projects, we have enhanced the effectiveness of the Board of Directors and expanded medium- to long-term discussions, including those concerning the long-term vision, the Plan, and our business portfolio. In the effectiveness evaluation survey, we received feedback that we should increase the number of people with corporate management experience and that we need DX experts. We take this feedback seriously.

Diverse personnel are needed to support sustainable management, but I do not think our top management can make important decisions without a proper understanding of the inner workings of the real estate industry. Experience is crucial when making final decisions on whether to approve or reject various projects. Because there are non-logical aspects to the real estate business, namely personal relationships, I feel it is important to be able to make forecasts supported by experience and draw in good people. I believe that it's still vital to take advantage of these possibilities by building experience through everyday actions.

6 To be a good company for all stakeholders

In the long-term vision, we declared our aim to be a good company for all stakeholders. Realistically, being the best company for all stakeholders simultaneously and at all times is difficult. Moreover, because enhancing medium- to long-term corporate value is linked to being a good company for all stakeholders, we cannot limit our thinking to only the present. Basically, we must secure ongoing growth over the long-term in order to earn a solid reputation rooted in that probability and expectations for the future. Going forward, the Tokyo Tatemono Group will continue moving full-steam ahead to become a next-generation developer. Moving forward, the Group asks for your continued understanding and support.

Evolution of Medium-Term Business Plans



2012-2014 Medium-Term Business Plan

	Quantitative Targets	Results
Operating profit	35.0 billion yen	30.5 billion yen
Debt-equity ratio	3 times	2.6 times

Targets Achieved

In accordance with our desired future direction for the Group, this medium-term business plan was positioned as a stage for reinforcing the business foundation. The plan called for the Company's transformation centered on the strategically focused structural realignment and optimization of the value chain. Our aim was to thoroughly strengthen earnings power and the Group's financial position.

We implemented various measures, including selling some business units and reorganizing the special purpose company structure for large-scale projects. In addition, by keeping interest-bearing debt down and expanding the equity base, we reinforced our financial position beyond the plan's initial targets.

Issues Remaining

Although we built a sound financial base, we failed to achieve target profit levels, and the plan concluded with profitability as an ongoing issue.

We recognized the need to boost profitability by building a business portfolio with high growth potential, which would enable us to achieve sustainable growth over the longer term. We incorporated this recognition into the next medium-term plan.

2015-2019 Medium-Term Business Plan

	Quantitative Targets	Results
Consolidated operating profit	50.0 billion yen	52.4 billion yen

	Targets for Financial Indicators	Results
Debt-equity ratio	3 times	2.5 times
Interest-bearing debt / EBITDA multiple	13 times	12.6 times

Targets Achieved

The objective of this medium-term business plan was to strengthen earnings power and build a business portfolio with high growth potential. To achieve this, the plan called for us to provide a range of high-quality services to enhance customer satisfaction, strategically focus on fields and business domains where we could take full advantage of the Group's unique expertise and competitive strengths, strengthen the value chain, and deliver value through organic collaboration between a variety of business units.

We achieved profit growth in excess of the initial target and practiced a more disciplined financial management approach. At the same time, in addition to pursuing consistent growth in each business, we took various initiatives for future growth, such as investing in hotels and logistics properties and other new asset types and expanding the stock of quality real estate.

Issues Remaining

We were successful in strengthening earnings power and maintaining a sound financial position. However, the need for actions that would ensure sustainable growth became more apparent as we faced shifts in the business environment, including mounting competition between international cities, increasingly diverse lifestyles, and rapid advances in digital technology, coupled with the pressing issue of sound ESG management.

2020-2024 Medium-Term Business Plan

Profit Target	Consolidated business profit*: 75 billion yen
Capital Efficiency	ROE: 8-10%
Financial Indicators	Debt-equity ratio: 2.4 times Interest-bearing debt / EBITDA multiple: Approx. 12 times
Reference Figures	Consolidated operating profit: 70 billion yen Profit attributable to owners of parent: 45 billion yen EPS: 215 yen

* Consolidated business profit = consolidated operating profit + share of profit (loss) of entities accounted for using equity method

Positioning

In February 2020, to accomplish the Group's long-term vision looking ahead to 2030, we formulated a medium-term business plan covering the five years from fiscal 2020 to 2024. We are undertaking five key strategies and the evolution of ESG management with the aim of achieving our stated targets.

Our key strategies	1 Promotion of large-scale redevelopment 2 Further strengthening of for-sale condominium business 3 Expansion of property sales to investors 4 Strengthening of brokerage, fund, and parking businesses 5 Growth in overseas business
Evolution of ESG Management	

Target for 2030 and Long-Term Vision

Becoming a Next-Generation Developer

- Consolidated business profit of 120 billion yen
- Contribution to achieving the SDGs



Long-Term Vision and Materiality p. 36

Progress on the Medium-Term Business Plan (2020–2024)

Here we explain our progress thus far in implementing the five key strategies of the current Medium-Term Business Plan, which began in 2020.

Key Strategy 1 Promotion of large-scale redevelopment

Regarding large-scale redevelopment projects currently under way, although some have seen their schedules delayed compared with the forecasts made when the current business plan was initially formulated, steady progress has been made as shown in the table below.

We adeptly responded to accelerated changes in workstyles and lifestyles due to the COVID-19 pandemic and tried out various approaches to product planning to realize facilities that will be customers' first choice into the future. We also aim to enhance the value of the overall area in part through initiatives that create new added value.

Special Feature p.18; Commercial Properties Business p. 24

Yaesu Project	District A: Jan. 2023, Approval of rights conversion plan District B: Oct. 2021, Start of new construction Made steady progress toward the completion of construction in fiscal 2025
Gofukubashi Project	Nov. 2021, Establishment of urban redevelopment consortium Began demolition in preparation for the completion of a tower wing in fiscal 2029
Kyobashi 3-Chome Project	Jan. 2023, Determination of urban development plan
Shibuya 2-Chome Project	Jan. 2023, Approval of establishment of urban redevelopment consortium

Although we need to focus on business environment issues, such as rising construction costs and concerns over demand for office space, we will continue to appropriately control our business to steadily expand leasing profit.

Key Strategy 2 Further strengthening of for-sale condominium business

Sales of condominiums have remained strong against the backdrop of several trends: a continuing low interest rate environment, an increase in dual-earner households, and a shift toward more affluent lifestyles. Since the COVID-19 pandemic, inventories of completed properties have remained low amid steady property sales in suburban areas and favorable locations in highly convenient urban centers.

Over the course of the current Medium-Term Business Plan, we have been able to sell properties at higher than anticipated prices. The gross profit margin on condominium sales in fiscal 2022 reached a very high 33.3%.

Although the land acquisition environment remains highly competitive, we have steadily built up our land bank by proactively working on reconstruction, redevelopment and other projects that leverage the Company's know-how. Because we have also made progress on sales, we expect the gross profit margin to remain high into 2023 and 2024.

While paying attention to rising construction costs and the risk of decline in customers' intent to purchase residences amid rising loan interest rates, we will continue ensuring appropriate profitability going forward by carefully selecting investments.

Residential Business p. 28



Brillia City Nishi Waseda
(recorded in 2022)

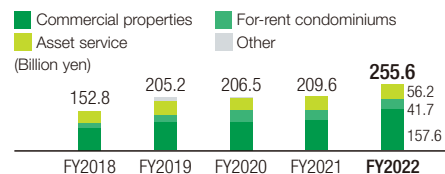
Key Strategy 3 Expansion of property sales to investors

Regarding property sales to investors, which are a driver of profit growth, buyers' appetite for spending has stayed firm in the real estate sales market, and cap rate levels in real estate trade have remained at a low level. Amid these market conditions, we have selected appropriate assets and sold properties at prices above initial projections while maintaining a balance between income from leasing buildings and income due to progress in sales of condominiums. In addition, we are carefully selecting investments, especially logistics properties, and steadily increasing our real estate stock.

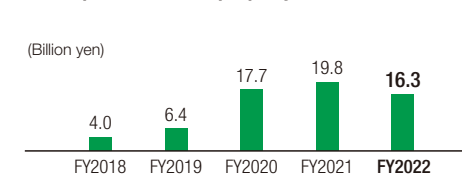
We will continue working hard to ensure profitability with a focus on cost management while taking into account the risk of rising construction costs.

Commercial Properties Business p. 24; Residential Business p. 28; Asset Service Business p. 32

Balance of real estate for sale



Gross profit trends in property sales to investors



Key Strategy 4 Strengthening of brokerage, fund, and parking businesses

In the Brokerage Business, business performance has remained steady against the backdrop of a robust real estate trade market. The Company focused on strengthening relationships with customers and securing repeat business from the Company's existing development properties.

In the Fund Business, we are steadily expanding the size of assets managed by private REITs and funds as well as Japan Prime Realty Investment Corporation, for which a Group company conducts asset management.

The Parking Business was significantly impacted by the COVID-19 pandemic, but capacity utilization recovered as occupancy returned to normal from the second half of 2022. As a result of pursuing steady business expansion while working to strengthen profitability and our competitive advantage, the number of parking spaces rose to around 80,000 as of December 2022.

Asset Service Business p. 32; Fund Business p. 34

Key Strategy 5 Growth in overseas business

In the Overseas Business, we revised business plans for various projects following a temporary suspension of projects in Indonesia due to such circumstances as the effects of the COVID-19 pandemic and a suspension of all projects in Myanmar due to the declaration of a state of emergency. Mainly as a result of these revisions, we recorded a share of loss of entities accounted for using the equity method in fiscal 2021. Investment in new projects shrank more than expected as a result of the prolonged period during which overseas travel was very difficult.

We held discussions regarding policies on initiatives considering the above factors and decided to continue undertaking the overseas business to diversify the Company's earnings base predicated on improving risk management processes and thoroughly strengthening monitoring. We will continue searching for business opportunities, especially in China, Singapore, and Thailand, where we have a solid track record, but also in other countries.

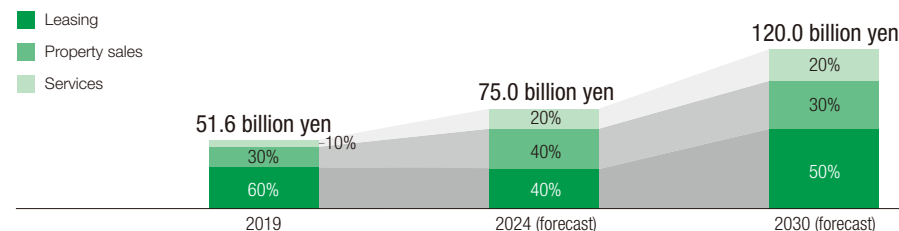
Overseas Business p. 34

Progress on the Medium-Term Business Plan (2020–2024)

Tokyo Tatemono manages its business portfolio in three main categories in line with their earnings characteristics: leasing, which provides highly stable profits; property sales, which possesses high capital efficiency; and services, which do not involve large investments. When we initially formulated the current Medium-Term Business Plan, we were aiming for consolidated business profit of 75 billion yen in fiscal 2024, assuming an increase in leasing revenue from offices in operation and steady growth profit from services, mainly the Parking Business, with the main growth driver being profit from property sales, especially sales of condominiums and property sales to investors.

However, in the leasing sector, the building leasing business has underperformed compared with forecasts due to a dip in demand caused by vast changes in the external environment. In addition, growth has slowed more than expected in some businesses, such as the overseas business. On the other hand, in the property sales sector, we have seen higher than expected profits from sales of condominiums and sales of property to investors against a backdrop of a strong market. And, while profit composition in fiscal 2024 may differ somewhat from initial forecasts, by leveraging the characteristics of risks and opportunities in each business to supplement results, we aim to achieve our targets.

Image of Change in Composition of Business Profit (as of the formulation of the current Medium-Term Business Plan)



Note: The percentages shown in the graph represent the approximate composition ratio



Property sales will expand until 2024, and leasing will expand from 2025. Services will continue to steadily grow, enabling us to achieve a well-balanced profit composition with an awareness of capital efficiency.

Well-balanced profit structure focused on leasing profit and mindful of capital efficiency

Change in Business Profit and Profit

(Billion yen)

Profit attributable to owners of parent

Breakdown of business profit

- Commercial Properties Business
- Residential Business
- Other
 - Asset Service
 - Other

Elimination and corporate

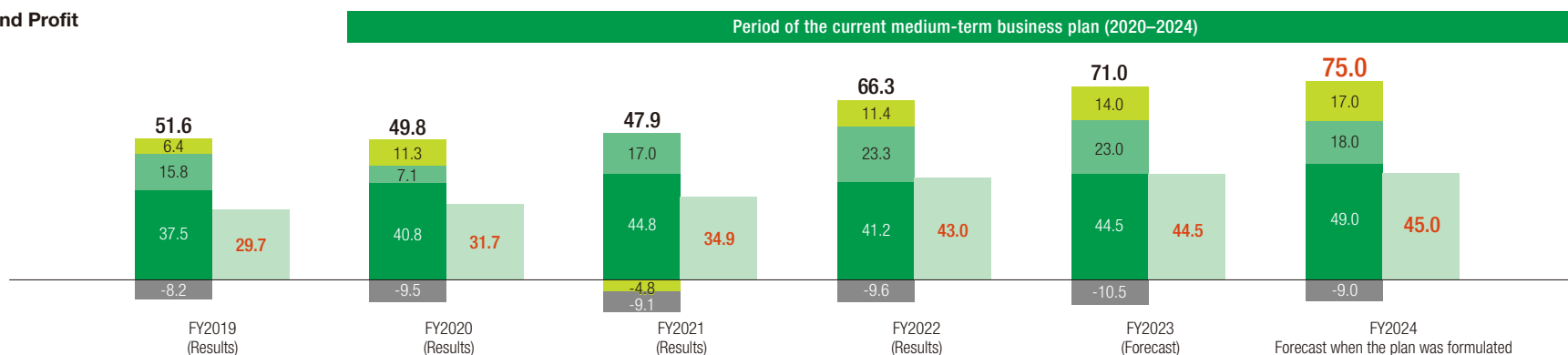


	Image of Profit Growth Image When Formulating the Medium-Term Business Plan (As of February 2020)	Evolution after the Medium-Term Business Plan Began
Commercial Property Business • Leasing of buildings	Although buildings in operation will decline as we promote redevelopment projects, we assume leasing profit will hold steady because we expect internal growth due to the upward revision of leasing fees.	Demand for office buildings will dip due in part to the widespread adoption of new workstyles, and the pace of upward revision in leasing fees will slow. External growth will also perform below expectations.
Residential Business • Condominiums for sale	We expect to record stable profits as we continuously seize development opportunities.	Gross margin will perform better than expected as sales prices rise above initial forecasts. We will also sufficiently secure our land bank.
Other	We expect growth in the brokerage, fund, parking, and overseas businesses.	Due in part to effects of the pandemic, growth decelerated more than expected, mainly in the overseas and parking businesses.
Property sales to investors	We expect profit growth due to expeditious property sales and ongoing pursuit of development opportunities.	Although progress on investments has been delayed due to intensifying competition for property acquisitions, we will continue to record sales profits higher than forecast against the backdrop of a strong real estate trade market.

Message from the CFO

We will continue to meet the expectations of shareholders and investors while focusing on growth investments from a long-term perspective

Akira Izumi

Representative Director
Senior Managing Executive
Officer & Chief Financial Officer



Q1

Please share your assessment of FY2022 business performance and the progress made in the three years of the medium-term business plan.

In fiscal 2022, overall business results were very good with building leasing remaining strong and sales of condominiums and properties to investors holding firm.

With regard to the current medium-term plan, which was announced in February 2020, our initial assumptions of the external environment ended up being completely off, with the world impacted first by the global COVID-19 pandemic and then the conflict in Ukraine. Nevertheless, we moved to steadily implement the plan's key strategies. We strove to expand business to meet changing customer needs, and, as a result, our overall business performance remained strong. However, business did not expand as much as anticipated, and we must put what we have learned into practice moving forward. The Overseas Business was initially expected to expand, but we have refrained from stepping up investment in part due to having recorded a loss in fiscal 2021 attributable to political upheaval in emerging countries and the protracted period during which overseas travel was very difficult. We have held many internal

discussions regarding our policies going forward and come to the conclusion that we should diversify our earnings base while keeping an eye out for a contraction in the domestic market. We will continue working hard overseas with the caveat that any project we undertake will be carefully selected, with those in emerging countries subject to due consideration of country and geopolitical risks. Aiming to expand revenues from the current medium-term plan forward, we strive to gain a foothold for expanding business in not only countries we have already entered but new ones as well.

On the other hand, property sales to investors and sales of condominiums have become stronger as growth drivers and outperformed our forecasts, while building leasing has held firm due to our competitive portfolio. Overall, businesses that have done well have compensated for businesses that underperformed, and I can laud the fact that this demonstrates our resilience in the face of environmental changes.

Going forward, although we will need to closely monitor such matters as trends in construction costs and interest rates, sales of properties to investors and sales of condominiums are expected to remain strong, buoyed by solid building rents. This, along with an anticipated recovery in the Parking Business, makes it highly likely we will be able to achieve the current medium-term plan's fiscal 2024 profit targets.

Q2

What is your approach to financial soundness and financing?

We have steadily remained within our range of expectations vis-à-vis our financial standing and are on course to achieve the fiscal 2024 figures set out in our financial policy under the current medium-term plan. Thanks to our strong financial performance up to fiscal 2022, we have accumulated owners' equity and, as of December 31, 2022, achieved a debt-to-equity ratio of 2.2 times and a debt-to-EBITDA ratio of 11.1 times. In addition, we have maintained a long-term credit rating of A from external organizations and will continue to fully ensure financial soundness.

Right now, with interest rates rising globally and inflation rising domestically, there is growing concern in Japan regarding the economic impact. Although we think the possibility of a rapid hike in interest rates is low, we are taking thorough precautions against just such a risk. So, should a temporary rise in interest rates occur, because over 90% of our borrowings and bonds—which are central to financing—are long-term and fixed-rate, we know that the impact on our business performance and financial standing would be limited. Going forward, we expect to steadily accumulate owner's equity, and financing will not be a big issue because we have built and maintain strong relationships with financial institutions, spread out our financiers, and diversified our financing, including ESG financing.

In addition, regarding the impact of rising interest rates, we have been alerted to the fact that we need to revise the hurdle rates of investments given the rising cost of capital. We include a rather substantial buffer for financing in terms of our internal interest rates for each project, which are higher than the actual funding interest rates. It is difficult to imagine that a rise in interest rates within expected bounds would exceed our internal interest rates, so we believe we will be able to continue sufficiently ensure profitability with the current hurdle rate.

We will continue working hard to manage our finances in a way that ensures financial soundness and investment growth while accurately responding to risks and changes in financial and capital markets.

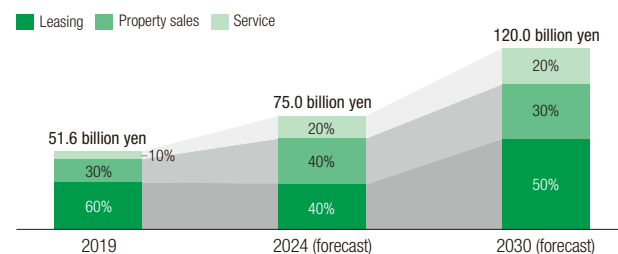
Message from the CFO

Q3

Can you tell us your current assessment of and the issues regarding the business portfolio strategies set out in the long-term vision?

In our long-term vision and medium-term management plan, we categorize our diverse businesses into three categories in accordance with their earnings characteristics: leasing, which has highly stable revenues; property sales, which have high profitability and capital efficiency; and services, which directly contribute to improved capital efficiency through leaner funding. Over the medium to long term, we aim to maintain a balanced profit composition with an awareness of capital efficiency.

Expanding the leasing sector will center on multiple large-scale mixed-use redevelopments, including the Yaesu Project, which we

Change in Composition of Business Profit**Investment Plans and Results in the Medium-Term Management Plan (2020–2024)**

Unit: Billion yen	Five-year plan	2020 results	2021 results	2022 results
Gross investment	1,400.0	189.1	128.9	191.0
Investment in large-scale redevelopment	230.0	13.8	0	11.3
Investment in for-sale condominium projects	430.0	64.4	46.1	75.8
Investment in property sales to investors	550.0	63.6	57.9	91.1
Investment in the Overseas Business	70.0	1.6	3.4	0.7
Other*	120.0	45.7	21.5	12.1
Recovered	900.0	120.6	121.3	112.7
Net investment	500.0	68.5	7.6	78.3

* Includes capital and other expenditures and provisions for the acquisition of seed land buildings and income-producing real estate for large-scale redevelopment.

expect to complete around 2030. All of these properties are expected to have very high value in ideal downtown locations and will significantly help expand our highly stable leasing profit margins. We can expect a further increase in value due in part to area management. However, the business period of these properties is long, and the profit margin is low due to their being in prime locations, which will negatively affect ROA. Therefore, to maintain balance and increase capital efficiency for the business overall, it will be important for us to adhere to our forecasts and expand property sales to investors and sales of condominiums, which have shorter business periods and help increase ROA. Buoyed by our excellent assets, which stably generate leasing income over the long term, we will expand short-term turnover projects, which have high capital efficiency despite being volatile, and continue growing through these two means. Although this serves as the base for our business portfolio strategies, we have made steady progress on large-scale redevelopments and maintained strong property sales to investors and sales of condominiums. In my judgement, we are currently making progress in line with our forecasts.

An ongoing issue is that the land acquisition environment remains harsh. Because we are careful in our selection of investments and avoid over-priced acquisitions, we have an increasing number of projects that need significant time to commercialize despite securing the expected number of short-term turnover investments. Although we will maintain our highly selective investment policy while proactively taking on new business opportunities, going forward we will continue taking various measures to shorten business periods.

In addition, we outline “management with an awareness of capital efficiency” in the current medium-term plan, signaling our aim to optimize our business portfolio and asset composition. To this end, we sold the Elderly Facility Operation Business in fiscal 2020 and the Child Care Business in fiscal 2023. We continually revise our portfolio of non-current assets, and, regarding the realization of profit by selling non-current assets, we will continue studying the issue while focusing on profit plans for the current medium-term plan and thereafter.

Regarding initiatives to optimize our business portfolio and asset composition, we will continue promoting such initiatives and conducting



thorough studies, including on reducing cross-shareholdings.

Q4

What are the strengths of and strategies for human capital?

We recognize that human capital is the source of strength that enables the realization of the Group's value creation and sustainable growth as well as one of its most important management foundations.

The business of a developer is structured around the concept of maximizing the value of each property and requires the creation of value in harmony and collaboration with various related parties. Success largely depends on the capabilities of employees working as individuals and in teams. Luckily, the Company contains many individuals who sincerely engage with stakeholders and are able to build solid relationships founded in trust, tackle challenges and create value. These personnel are our greatest strength in establishing our competitive advantage.

Speaking strategically, because we will continue expanding our business scope and creating value as targeted in our long-term vision and medium-term plan, we will expand our hiring of new graduates and mid-career personnel, promote the advancement of women, and expand diversity in part by securing specialized personnel, including DX personnel. In addition, because we strive to maximize personnel value, we are expanding training programs, upgrading

Message from the CFO

environments to enable flexible workstyles and enhance productivity, and promoting health management. Furthermore, to prompt individual and organizational engagement, we are focusing on stimulating communication between management and employees and strengthening engagement.

As mentioned previously, the strength of the Company's personnel is mainly attributable to its efforts to nurture them in accordance with the foundation laid by the Company's unique corporate culture, such as the shared values we have cultivated throughout our long history, the connections between and sense of unity shared by management and employees, and a good amount of transparency. From this perspective, as we strategically accelerate the increase in the number of employees and the expansion in diversity, we will continue promoting human capital management with an awareness of leveraging diversity while preserving the best aspects of our corporate culture.

Q5

Please tell me about your shareholder returns policy and your policy for ensuring that the Company's corporate value is appropriately evaluated by the market.

Regarding shareholder returns, looking back on past trends, compared with 10 yen* in fiscal 2013, dividends per share have increased



more than six times to 65 yen in fiscal 2022, reflecting a record of nine years of maintaining progressive dividends. In addition, under a policy of maintaining the dividend payout ratio at 30% or higher during the period of the current medium-term management plan, the ratio was 31.5% in fiscal 2022. Since the start of the current medium-term plan, we have raised it every fiscal year. We restarted in-person IR efforts overseas last year, and, through my personal conversations with many investors, I came to a keen realization of their desire for stronger returns. Accordingly, we have further raised the dividend forecast for this year to 33.8%. Taking a long-term perspective as we move forward, while prioritizing growth investments that help enhance corporate value, we will strive to raise our dividend level with an awareness of the need to maintain progressive dividends.

We recently received a request from the Tokyo Stock Exchange regarding management and taking action in a manner that is aware of the cost of capital and the share price. In the current medium-term plan, we set a target for management aware of capital efficiency with the aim of achieving an ROE of between 8% and 10% by fiscal 2024. We unveiled a policy to achieve this target by raising ROA and appropriately controlling the debt-to-equity ratio. Through the steady implementation of this policy, we achieved an ROE of 10% in fiscal 2022, well above the cost of shareholders' equity. On the other hand, we are concerned about our persistently inexpensive share price, similar to that of all other developers. We realize that to increase PBR, we will need to increase ROE and foster stronger trust in and anticipation for the Company's outlook, including for shareholder returns.

Going forward, we will work to increase trust from the market by demonstrating our resilience in the face of environmental changes and steadily generating profit. We will also foster anticipation by demonstrating the likelihood of achieving sustainable profit growth and enhancing shareholder returns through our track record and strategies. Through these efforts, we will continue striving to enhance shareholders' value.

Under the next medium-term management plan, we will reconsider the balance between investment and returns and announce new

shareholder return policies as we intend to continue working hard to further stimulate the expectations of shareholders and investors.

*We implemented a one-for-two common share reverse stock split on July 1, 2015. The dividends in 2013 were calculated using the standard after the reverse stock split.

Q6

Finally, what is your message to stakeholders?

As a developer, the Company continually generates new economic and social value through urban development while controlling various risks. The value that we have created over many years is a tremendous accomplishment, encompassing ripple effects and stock effects, and has greatly contributed to local communities and society at large. Through our operations, we strategically promote sales of non-current assets and the expansion of business involving short-term turnover projects while continually expanding stable prime assets. We will appropriately control our balance sheet and optimize our business portfolio when needed and will pursue capital efficiency and growth while ensuring financial soundness. Until 2030, we expect to expand our stable leasing earnings base by regularly completing large-scale projects already in our abundant pipeline. Underpinned by this base, we also expect to be able to further expand our short-term turnover projects backed by a foundation of organizational capabilities and human capital, which we will continually bolster.

Regarding the outlook for Tokyo Tatemono as it makes steady progress toward achieving its current medium-term management plan and long-term vision, we hope shareholders and investors broadly acknowledge its investment value, including from the SDG and ESG perspectives. As we make major strides toward increasing our corporate value going forward, we will continue working hard to increase the expectations of shareholders and investors regarding the Company's outlook by regularly holding more detailed briefings and dialogues regarding key strategies, progress made in strengthening governance, future strategies, and other topics.

Special Feature: Urban Redevelopment Project for Yaesu 1-Chome East Area in Front of Tokyo Station (Districts A and B)

Urban Development That Helps Strengthen Tokyo's Competitiveness

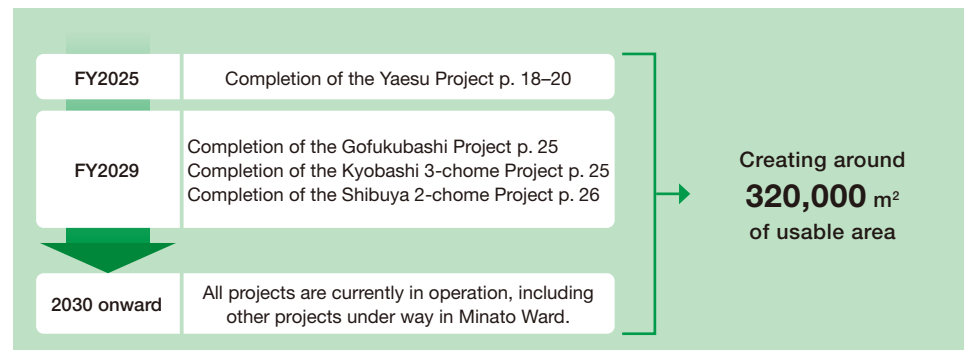
Promoting Large-Scale Redevelopment—a Field of Great Social Significance

Under its long-term 2030 vision of becoming a next-generation developer, Tokyo Tatemono aims to achieve an overarching balance between solving social issues and growing as a company. The promotion of large-scale redevelopment is one of the key strategies for this goal.

Current large-scale redevelopment projects include undertakings in Shibuya Ward, Minato Ward, and Chuo Ward, especially the Yaesu-Nihonbashi-Kyobashi (YNK)*¹ area in front of Tokyo Station, which we have positioned as a priority area. By around 2030, plans call for the completion of construction on projects with a gross usable area*² owned by the Company equivalent to around 320,000 m², and we expect the significant contributions these projects will generate to drive rapid growth in our leasing revenue.

*¹ In addition to being an acronym for Yaesu, Nihonbashi, and Kyobashi, YNK (pronounced "ink") also stands for "You Never Know!," our message for this area.

*² Includes conference facilities, hotels, retail facilities, and a variety of non-office usable areas



Not only does the redevelopment business contribute to the Company's profitability, it possesses an outsized social significance in that it enables us to use our business help solve social issues, enhancing the attractiveness of the area being redeveloped even further.

Increasing the overall attractiveness of an area leads, in turn, to higher value for our entire portfolio, as the gain in value spills over from newly completed redevelopments to enhance the value of our nearby existing buildings. In this way, we aim to strengthen the competitiveness of the city and the Company.

Urban development that helps solve social issues

Helping to preemptively solve the issues of future generations and broader society while respecting local history and culture

Helping to realize a sustainable society through measures that include efforts to reduce environmental impact and strengthen countermeasures against natural disasters

Fostering a robust community and the interaction of diverse people by creating lively spaces

Creating new value by collaborating with diverse partners and utilizing leading-edge technologies

The Attractiveness and Potential of the Yaesu-Nihonbashi-Kyobashi (YNK) Area

Always serving on the front lines of evolution in the ever-changing Tokyo landscape, the YNK area is a place where tradition and leading-edge technology come together. While the area has unparalleled access to transportation as well as the potential to be a top business destination, it also retains a traditional culture that encourages innovation.

• Incredibly convenient transportation
With a high concentration of train and subway stations within walking distance of the entire area, YNK provides excellent accessibility to such prime locations as international airports, other major hubs within Tokyo, and regional cities.

• Tradition and modernity coexist
Since the Edo period, traditional values have persisted in the area, with festivals, food, art, and crafts ensuring a thriving culture. And, it is not just traditional culture and history that are alive and well, the area offers an abundance of new experiences that draw crowds.

• Diversity dating back to the Edo period
The lasting impact of this vibrant area on Japan is largely due to its having served as the starting point of the country's Five Routes,* making it a natural hub for the diverse array of people that congregate there even today. Reflecting centuries of varied townsfolk, professionals, merchants, and others working and living in the area, the land was divided into smaller and smaller segments.

* The Five Routes were established by the Shogunate in 1604 to facilitate transportation and trade.

The Sanno Festival has been held since the Edo period

Due in part to the fine segmentation of the district and its aging buildings, the YNK area was failing to achieve its full potential. By 2030 many redevelopment projects, including a number undertaken by other companies, are slated for completion and the face of the streets will be significantly changed. To ensure the continuation of the values of tradition and diversity, the strengths of the area, we are collaborating with diverse partners as we work hard to form an attractive area that blends tradition and leading-edge technology, work and life, the urban and rural, and the world and Tokyo.

Special Feature: Urban Redevelopment Project for Yaesu 1-Chome East Area in Front of Tokyo Station (Districts A and B)

Creating Social Value in the Yaesu Project

Our flagship project, the Yaesu Project, encompasses our former headquarters building and is situated directly across from Tokyo Station. The Company has worked earnestly for many years to reach agreements with the many parties relevant to this project and aims to complete construction in fiscal 2025.

In addition, we plan to take measures to address all the material issues the Group faces that we have identified from the perspective of social value creation while taking our pursuit of both “solving social issues” and achieving “growth as a company” to an even higher level.



Yaesu Project

Project name

Urban Redevelopment Project for Yaesu 1-Chome East Area in Front of Tokyo Station (Districts A and B)

Location

Chuo Ward, Tokyo

New construction start year

District A: Plan for 2024

District B: 2021

Completion year

Plan for fiscal 2025

Total floor space

District A: approx. 12,000 m²

District B: approx. 225,000 m²

Building size

District A:

10 floors above ground, 2 floors below ground

District B:

51 floors above ground, 4 floor below ground

Main uses

Offices, stores, medical facilities, bus terminals, etc.



Material Issues	What We Can Accomplish through the Yaesu Project
Strengthening Tokyo's competitiveness as an international city	• Upgrading urban infrastructure, including high-grade offices and large-scale bus terminals connecting regional cities • Enticing world-class, advanced medical facilities to locate here  
Contributing to a safe and secure society	• Strengthening emergency preparedness and making the entire area barrier-free
Community building and revitalization	• Providing various services to building users and holding events that utilize theaters, conference halls, and outdoor spaces • Making the area more attractive by introducing area management 
Wellbeing	• Conducting office product planning under the theme of wellbeing and shifting the focus from upgrading peripheral facilities  Offices and Initiatives That Realize Wellbeing p. 20
Addressing the diverse needs of customers and society	• Implementing initiatives that lead to sustainability, wellbeing, and the resolution of social issues
Value co-creation and innovation	• Building support environments and systems that make it easy for large corporations and startups to implement proofs of concept (POC)
Social implementation of technology	• Increasing efficiency and customer satisfaction by applying technology, such as smart buildings and automation (planned)
Revitalizing and utilizing real estate stock	• Demolishing outdated existing buildings and working with landowners to redevelop and utilize the land as real estate with high public benefit and market value
Promoting a decarbonized society	• Introducing energy-saving equipment and supplying energy to the area from local building-based sources
Promoting a recycling-oriented society	• Building an ecosystem aimed at realizing a sustainable city

Special Feature: Urban Redevelopment Project for Yaesu 1-Chome East Area in Front of Tokyo Station (Districts A and B)

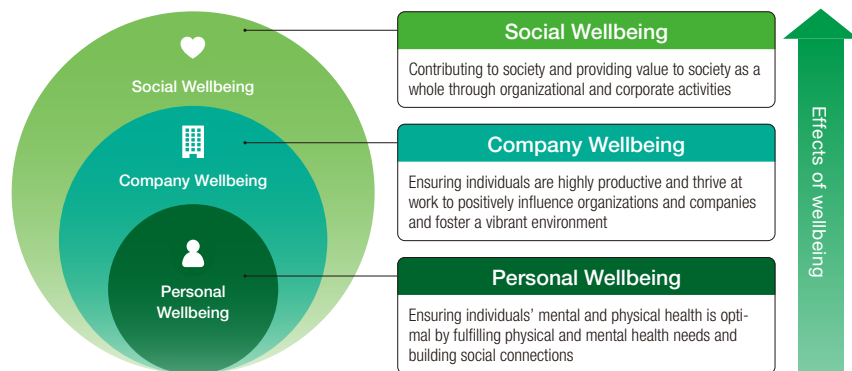
Offices and Initiatives That Realize Wellbeing

In the modern era, the Company has increased emphasis on companies and individuals contributing to society and forming social connections. And, it has become widely recognized that individuals must be able to access a diverse range of options in order to thrive, that is, maintain a state of wellbeing. Increasing the wellbeing of individuals contributes, in turn, to corporate growth and affects society as a whole. Aiming to create such a virtuous cycle, Tokyo Tatemono has established "wellbeing, cyclical nature, and living" as the office concept for the Yaesu Project.



Personnel strategy is a major management issue for many companies, and employee wellbeing is also a key policy that has been positioned as a priority in growth strategies across Japan. The Company has engaged in extensive research and pored over case studies, confirming that higher employee wellbeing is correlated with job retention and aids in the hiring of workers. In addition, through a survey,* we identified 20 wellbeing enhancement factors, analyzing the types of behavior and conditions that contribute to increased wellbeing. Going forward, we plan to bolster wellbeing enhancement factors, study the specific services, functions, and spaces that improve workers' wellbeing, and apply our findings to the Yaesu project and other urban development endeavors.

* Under the supervision of Yoshiki Ishikawa, a preventive medicine researcher, we conducted a survey of 10,000 businesspeople working in the Tokyo metropolitan area and identified 20 factors that improve wellbeing, specifically, situations and behaviors that help improve wellbeing.



Initiatives to Achieve Wellbeing

As every person's perception of wellbeing is unique, we believe a diverse approach is required. To that end, we are collaborating with a number of businesses to develop and research various services based on variables that have been identified as enhancing wellbeing. In an effort to create a workplace that enhances wellbeing, we are currently looking into a variety of factors, including diet, sleep, and work environment.

By promoting wellbeing throughout the YNK area, centered on the Yaesu Project, we aim to enhance our presence while increasing the competitive advantages of the area and Company-owned properties.

Office Support Facilities That Realize Wellbeing

To encourage communication among employees, we intend to create a common floor that may be utilized by office tenants for a range of purposes, including as a lunch spot, a cafe, workspaces of various kinds, and an event space.

Also, meals that emphasize flavor and nutritional balance, a wide variety of beverages, and a communal kitchen area in which activities may be hosted will improve worker wellbeing.



Examples of Past Initiatives

We held "Beeat!! Yaesu," a limited time event where, through the medium of storytelling, a lens is focused on the future of food and envisioning the future of sustainable food in the Yaesu area. The event brought together businesses and organizations from a variety of sectors, as well as restaurants, chefs, universities, technical schools, government organizations, end users, and others to establish the area as one for the future of sustainable cuisine. (The event is now finished.)



Factors That Improve Wellbeing

HEALTH Living healthfully	LEARN Learning new things	NATURE Feeling nature	SMILE Smiling	TRUST Fulfilling roles
IDENTITY Being yourself	EXERCISE Exercising appropriately	SENSES Experiencing with the five senses	CHAT Casual conversation	COOPERATION Helping each other and expressing appreciation
OWN WAY Living at your own pace	IMPRESSION Tugging on heart strings	MEAL Mindful food selection	LINK Smooth connections	COMPASSION Acting kindly
COMFORT Spending comfortable time	ENTHUSIASM Being enthusiastic	REFRESH Changing your attitude	TOGETHER Meeting up with friends	CONTRIBUTE Contributing to communities and society

Special Feature: Employee Roundtable

Maximizing Tokyo Tatemono's Unique Wellbeing

We would like to showcase the efforts and enthusiasm of our employees, who are seriously committed to ensuring the wellbeing of local people and companies through the Yaesu Project.

Urban Development (1)
Department

Toshikazu Sawa

Urban Development (1)
Department

Megumi Kawanami

Leasing & Consulting
Department

Hisanori Matsunaga



What the Yaesu Project means to Tokyo Tatemono

What sort of attitude do you take toward the Yaesu Project?

Sawa : The Yaesu Project is not only our core project, but also a project that we have been working on together with the local community for more than 20 years. As one of those in charge of development, I have been promoting the overall project and studying product planning while discussing and coordinating with various parties, including landowners, design and construction companies, and government agencies. Also, as a Yaesu local myself, I am focused on carrying on the area's tra-

ditions and culture. At the same time, as a developer, I have to think about what we should do to further develop this area. In my communications with local residents, I am careful to keep both of these perspectives in mind.

Matsunaga : I am in charge of tenant leasing, and one of the characteristics of the Yaesu area that I often hear about when talking with our clients is its casual atmosphere. Even after the redevelopment project is completed, many hope that the informality and nostalgic downtown-like atmosphere of the area will be preserved. One of the area's attractions is the wide range of choices on offer, with a mix of upscale and more affordable restaurants and both new and historic stores. We want to make sure that this appeal comes across to our customers as well.

Kawanami : The Yaesu Project is a mixed-use development project that includes offices, retail facilities, and apartments.

Although the Urban Development Department is in charge of overall product planning and business promotion, from the project's early stages we have incorporated multifaceted opinions into product planning through collaborations with the Property Management Department, which specializes in facility management and operation, and the Leasing & Consulting Department, which is familiar with the needs of tenants. Among general real estate developers, the fact that we have both property management and leasing functions in-house may be one of our strengths when it comes to the study of product planning.

Matsunaga : Lessons learned from existing large-scale redevelopment projects that overcame the difficult times following the 2008 Lehman Brothers collapse and the sense of crisis that existed at that time have been passed down within the

Special Feature: Employee Roundtable



company and are used when considering strategies. About a year prior to the full-scale start of leasing for the Yaesu project, we reinforced our direct sales force to ensure a solid connection with our clients. It has been about two months since the opening of our presentation room, where we have already had about 100 companies visit. So, we are off to a good start.

Sawa : We also have personnel transfers across our commercial properties and residential divisions. Building redevelopment projects are long-term projects, and it is rare to be in charge of a single project until its completion, but in the Residential Business, many projects are relatively short in duration, allowing personnel to experience entire projects. I am also able to apply my past experience in business promotion in the residential division to my current line of work.

Kawanami : Along with the experience in residential development that I gained in my previous position, I have applied differentiation strategies in product planning for housing to commercial properties. Unlike residential buildings, where the end user is the average individual and there is always a large number of competitors, the pros and cons of a commercial property are often determined by its location and rent. However, there are many competing properties in the Yaesu

project, and we must carefully consider how we can differentiate ourselves from the competition in the area.

Matsunaga : In terms of what makes our company unique, I think that many of our employees are sharp and determined to go beyond immediate considerations of economic rationality and efficiency and instead pursue what they see as essential. "Wellbeing," which is the Yaesu Project's office concept, is not just a tactic for selling offices, but a serious aspiration.

Sawa : We have a system in place to ensure that anyone with strong ideas about what they'd like to do can express their opinions to management without hesitation and receive support on matters that represent true needs.

The origins of wellbeing-based office concept

Could you explain the process and initiatives that led up to the project's office concept?

Sawa : The Yaesu project has been a long time in the making, with many discussions on various concepts and how to add value. However, since the Yaesu area encompasses places that vary widely in character—from nostalgic downtown spots to those representing traditional culture to others brimming with diversity—finding an overarching concept that could accommodate all this was difficult. From there, a forum was established for renewed discussion across departments on ways to create product value. Through this forum it was decided that the Company would lean toward solving the type of issues corporations face and narrow down the office concept to focus on recruiting, retaining and fortifying human resources, an issue that all companies deal with. Although COVID-19 served as a huge catalyst spurring a change in workstyles, once we had identified things possible for employees only if they come into an office to work and thus reasons for them to

want to do so, we ultimately settled on wellbeing as the central concept. With this concept, we want to emphasize the physical and mental health benefits that redound from working in and visiting the neighborhood of the buildings.

Matsunaga : We also put much emphasis into the words "cyclical" and "living." The concept of wellbeing is one that has gradually spread throughout Japan, coming initially from overseas. It's clear, however, that in Japan more emphasis is placed on the wellbeing of the group rather than the individual. Improving one's wellbeing is difficult without taking into account the wellbeing of those around them. In Japan, wellbeing is seen as valuing harmony with one's surroundings. Therefore, the office concept of wellbeing, which was born from the ideas of "what goes around, comes around" and "living life," was created with the philosophy that one's own wellbeing will carry over and spread to those around them.

Kawanami : The "circulating" aspect of the concept emphasizes that our wellbeing will not be confined to the borders of our office, but will circulate throughout the building and the surrounding area, while "living" implies that this is a wellbeing experience that tenants can make full use of in their lives.

We have researched over 200 companies and conducted interviews and discussions with over 50 in order to create a service that realizes this concept. Given the vague nature of the concept of wellbeing, we have identified specific wellbeing metrics and incorporated 20 wellbeing enhancement factors into our product planning. The very first step is to ascertain whether one is in a state of wellbeing using the wellbeing metrics, which is then followed by the second step of helping others improve their wellbeing through various services linked to the wellbeing-enhancement factors.

Currently, we are conducting research and development on such services with various companies. For example, a number of studies for the implementation of the Yaesu Project are currently under way, including an experiment that measures physical and psychological changes in response to relaxing stimuli,

Special Feature: Employee Roundtable

including the spraying of hot spring mist in indoor spaces and provision of casual cups of tea that allow for hands-on experience with Japanese tea culture as well as a service that offers healthy, eco-friendly meals. Ideally, people should have the option to choose from a variety of services as each person's wellbeing is just as unique as they are.

Sawa : We are placing particular emphasis on food as it is one of the key elements in achieving wellbeing. Food is a much sought-after service in offices and it would be great to take advantage of the diversity in Yaesu's food culture, working alongside the local community.

The issue of CO₂ emissions associated with food waste, known as food loss or food waste, has also attracted attention in recent years. In itself, a good meal is enough to boost one's sense of wellbeing, but if the meal has a story that takes the global environment into consideration and if the ingredients and cooking methods used are in consideration of the SDGs, we believe it will further increase the sense of wellbeing enjoyed by those using the service when they find out how they are contributing to and connecting with society.

**Aiming for completion in FY2025****From a managerial perspective, what are your ambitions and expectations for the future?**

Matsunaga : We are currently in the broad announcement phase of the Yaesu Project with potential tenant companies. Typically, presentations for large-scale developments have explanations that focus on the appeal of certain hardware specifications. With the Yaesu Project, however, the company is taking on the challenge of leasing in an unprecedented way by focusing on getting people to resonate with the concept of wellbeing, something more difficult to convey.

Kawanami : The sales team's commitment to the concept movie was amazing. Their desire to make the film an eye-opener for those in charge of comparing and contrasting various buildings was palpable.

Matsunaga : However, we also feel that it is difficult to fully communicate the concept of wellbeing to potential tenant company management. It is imperative that we have them understand the positive effects of moving into one of the Yaesu Project's buildings and how it is likely to lead to the growth of their company, going beyond mere leasing and consulting-type sales. It is often said that "happiness is contagious," and if the companies that occupy our buildings are "happy companies" in a state of wellbeing, it will spread to the entire office and the surrounding area. In my experience, such buildings have been well-loved over time, and have a low turnover of tenants. While location and rent are of course important, it would be wonderful to have companies that share in our project concept take up occupancy.

Kawanami : I try to avoid being like the kind of development staff who are quick to sing their own praises. Even after the Yaesu project is completed, we will continue to consider our tenants' needs, and will always focus on the evaluations of



those who are actually utilizing the space.

Another thing to remember is that a redevelopment project is only as good as the landowner. As someone who assists in redevelopment projects, I sincerely value the satisfaction of the landowners when the project is completed, while also taking their wishes into consideration.

Sawa : At a community opening event after the completion of Nakano Central Park, which I had been involved in, I was told by a number of passing local residents how much the area had improved and how they were pleased to have a new place to hang out in Nakano. Those comments still linger in my mind. Urban development projects greatly impact the community. While everyone perceives them differently, it is naturally important to make a town's locals and visitors feel that it has improved. The Yaesu Project will attract lively people, and that vibrancy will spread out and energize the entire city. From the standpoint of a long-time business partner based in Yaesu, I think this is what we should hope for in the future. I would like to make this area a place of interest and a tourist destination for locals, people across the country and even people all over the world.

Commercial Properties Business

The Commercial Properties Business focuses mainly on the international city of Tokyo. Its business activities include urban development, the development and operation of office buildings and retail facilities, facility management, building maintenance, and preservation and remodeling. We are working together as a group to provide not only quality properties and facilities, but also a range of services that give office building users a sense of safety, security, and comfort.

Tokyo Tatemono is pursuing a wide range of development opportunities according to differing locations and area characteristics. Projects now under way include medium-size office buildings, logistics properties, hotels, and retail facilities. After these projects start operations, we sell them to investors.

Main Business Categories

Long-term holdings Development and Operation Business	Office buildings, large retail facilities, etc.
Property sales to investors	Logistics properties, medium-scale office buildings, retail facilities, and hotels
Services	Building management and operation, construction, and cleaning

Related Material Issues

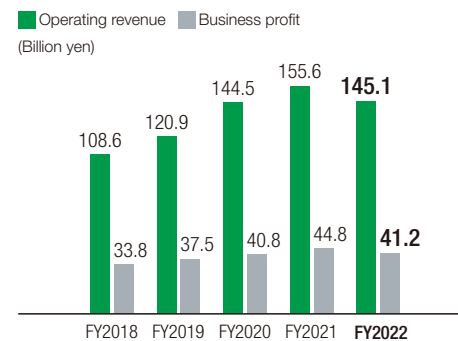
 Strengthening Tokyo's competitiveness as an international city	 Contributing to a safe and secure society
 Addressing the diverse needs of customers and society	 Value co-creation and innovation
 Wellbeing	 Community building and revitalization
	 Revitalizing and utilizing real estate stock



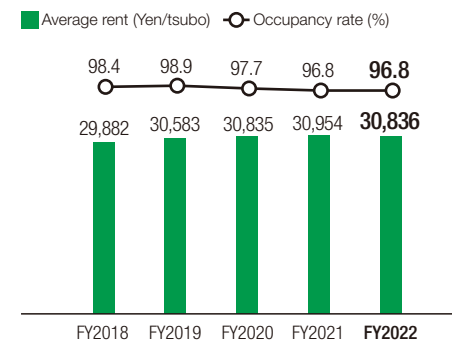
Against a backdrop of tightening supply in the rental office market until fiscal 2019, our business results expanded, thanks especially to an increase in leasing profit from buildings. From fiscal 2020, due in part to the effects of the COVID-19 pandemic and the widespread adoption of new workstyles, growth in leasing profit from buildings slowed, but the overall real estate trade market remained strong. Against this backdrop, our business performance stayed firm due mainly to an increase in logistics and retail facility property sales to investors.

The average rent and occupancy rates of the Company's owned office buildings remained at high levels compared with the overall market, reflecting the strong competitive advantages of their large scale and prime locations.

Operating Revenue / Business Profit



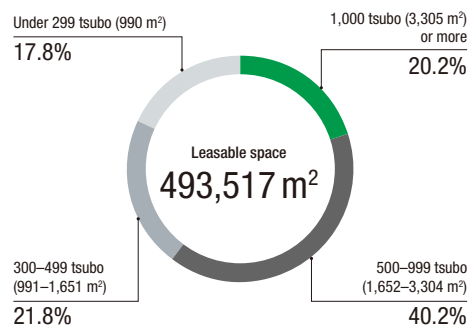
Average Rent / Occupancy Rate



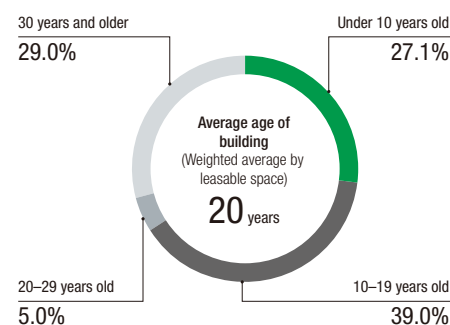
Operating Environment / Social Issues

Opportunities	There is a pressing need for increasingly sophisticated office space in order to secure personnel and enhance productivity
	Diversifying needs for real estate utilization in line with such trends as a recovery in the e-commerce and inbound tourism markets
	Expansion of needs related to real estate investment needs and investment assets
Risks	Intensifying competition between global cities and economic areas
	Rising construction costs due to increasing resource prices and labor costs
	Decline in the real estate investment market due to rising interest rates, etc.

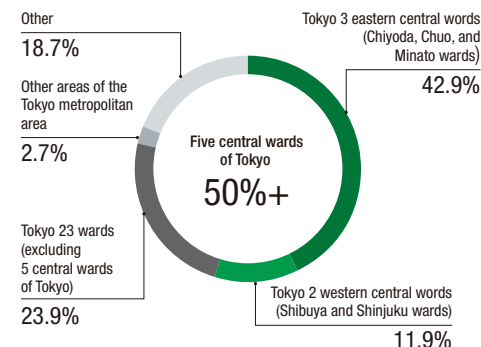
Proportion of Leasable Space by Standard Floor Space*



Proportion of Leasable Space by Building Age*



Proportion of Leasable Space by Location*



* The above proportions are for office buildings owned by Tokyo Tatemono as of March 31, 2023

Specific Initiatives under the Medium-Term Business Plan

- Expanding our future earnings base by promoting redevelopment projects in prime urban centers
- Providing choice office space through product planning based on diversifying workstyles
- Enhancing the attractiveness and competitiveness of the areas surrounding the Company's owned buildings by promoting area management
- Expeditious property sales attuned to the market and the effective utilization of information sources to acquire properties for sale to investors

Commercial Properties Business: Progress under the Medium-Term Business Plan and Strategies Going Forward



We believe that regularly taking straightforward action based on the Corporate Philosophy “Trust beyond the era” will help us build trust with our customers and achieve an overarching balance between solving social issues and sustainable growth as a company at a high level. We will contribute to improving the competitiveness of our assets and priority areas through value-added urban development by meticulously responding to the diverse and ever-changing needs of our clients.

Katsuhito Ozawa
Representative Director
Senior Managing Executive Officer
Division Director of Commercial Properties Division

Key Strategies 1 Promotion of large-scale redevelopment

Urban Development That Raises Area Value

■ Promoting Redevelopment in the Yaesu-Nihonbashi-Kyobashi Area

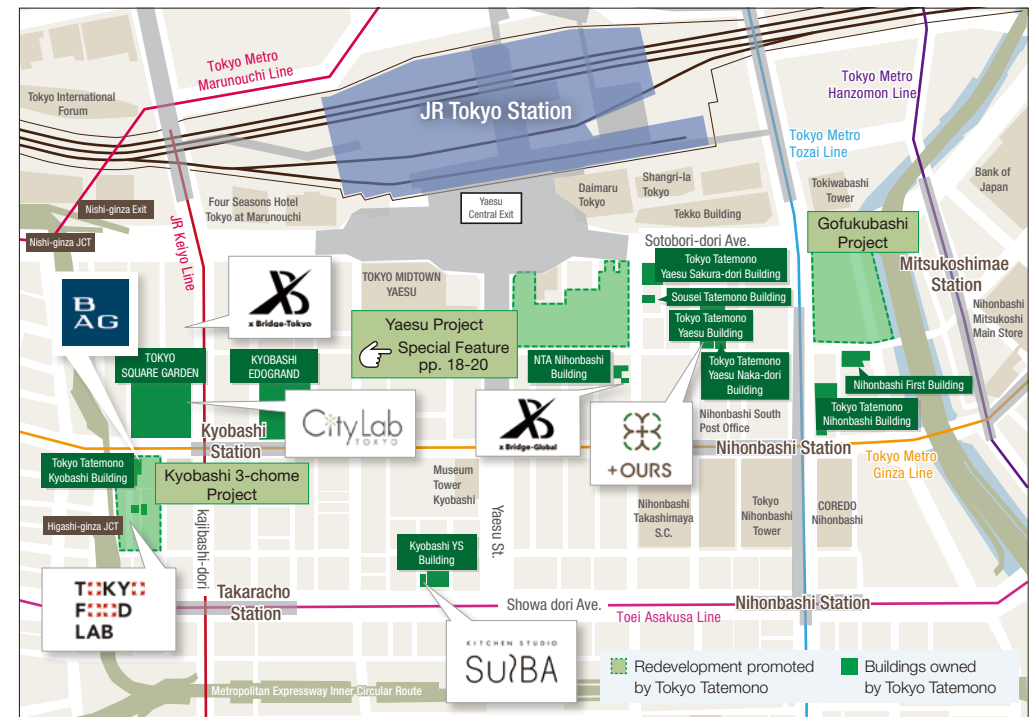
Tokyo Tatemono positions the Yaesu-Nihonbashi-Kyobashi (YNK) area in front of Tokyo Station as a key area and has cultivated deep ties to this area since its founding.

The YNK area has highly convenient transportation and a high concentration of large companies. At the same time, this is an incredibly unique area where traditional culture coexists in prime office real estate, as evinced by the continued holding of the historical Sanno Festival.

The Company is promoting multiple projects in this area to contribute to the development of Tokyo as an international city. We will continue supplying highly competitive buildings through redevelopment focused on reducing environmental impact and providing sought after urban functions.

While redevelopment projects have huge social significance, they also require various interested parties to reach an agreement, making them incredibly difficult and extending their schedules over the long term. Because Tokyo Tatemono has long valued traditions and local communities, we are able to build trusting relationships with interested parties, especially community members, and realize highly unique and value-added urban development.

This development will help expand the Group's leasing profit, and we will continue contributing to the increase in value of the entire area by further enhancing the allure of the YNK area and solving local social issues through urban development.



Note: Items indicated by white balloons on the map are initiatives to foster an innovation ecosystem among facilities owned by Tokyo Tatemono

Gofukubashi Project (Urban Redevelopment Project for Yaesu 1-chome North Area)



Main Value Creation Initiatives

Forming financial bases that help strengthen international competitiveness

- Upgrading support facilities for high-level financial personnel who support international finance and urban Meeting, Incentive Travel, Convention, Exhibition/Event (MICE)

Upgrading water-adjacent spaces and pedestrian networks

- Conducting various collaborations to realize underground highways in Tokyo, upgrading outdoor public spaces, and upgrading pedestrian networks

Strengthening emergency preparedness and reducing environmental impact

- Upgrading emergency response facilities and working to promote more effective use of energy across the entire area

Total floor space: South Block: approx. 178,000 m²; North Block: 1,100 m²

Main uses: Offices, stores, lodging facilities, parking lots, etc.

Number of floors: South Block: 44 floors above ground, 3 floors below ground

North Block: 2 floors above ground, 1 floor below ground

Start of new construction: Planned for FY2024

Completion of construction: South Block: Planned for FY2029; North Block:

Planned for FY2032

Kyobashi 3-chome Project (Kyobashi 3-chome East District Urban Redevelopment Project)



Main Value Creation Initiatives

Upgrading urban infrastructure to help enhance the fun within a walkable distance across a broader area

- Fostering excitement and building multilevel pedestrian networks connecting the Tokyo Sky Corridor

Introducing urban functions that help foster excitement in the area

- Upgrading world-class lodging facilities and facilities that support arts and craft culture

Strengthening emergency preparedness and reducing environmental impact

- Taking measures to strengthen emergency preparedness and reduce environmental impact in the area

Total floor space: approx. 164,000 m²

Main uses: Offices, hotels, stores, etc.

Number of floors: 35 floors above ground, 4 floors below ground

Start of new construction: Planned for FY2025

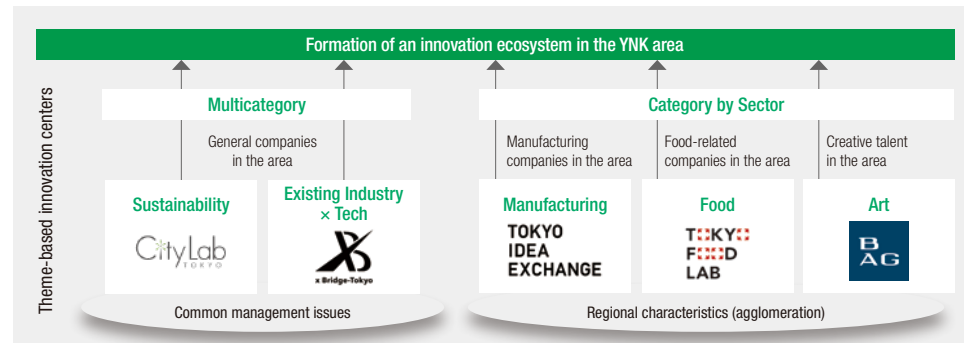
Completion of construction: Planned for FY2029

Commercial Properties Business: Progress under the Medium-Term Business Plan and Strategies Going Forward

■ Initiatives for Forming an Innovation Ecosystem

In the YNK area, there are many properties with vacancies that are relatively cheap and have convenient transportation access, and it is easy to collaborate with major corporations. Against this backdrop, many startup companies have been coalescing in this area in recent years. We are using redevelopment projects to upgrade the area's functions and further concentrate major companies present there. At the same time, we are creating a base for startup-related companies and encouraging interactions between a variety of companies and people in Japan and overseas. Through these efforts, we are focusing on forming an innovation ecosystem that perpetuates a virtuous cycle of cutting-edge industry development and economic growth.

The spontaneous creation of innovation will contribute to the revitalization of the entire area and ultimately to the economic growth of Tokyo and Japan. At the same time, we aim to further increase the value of our owned assets as the area becomes more competitive.



■ Promoting Redevelopment Projects in other Areas

Besides the YNK area, the Company is working on multiple large-scale redevelopment projects in other areas, mainly in Minato Ward and Shibuya Ward. With an eye toward 2030, we expect projects currently under way to complete their construction phase one after another, greatly contributing to rapid profit growth.

Shibuya 2-chome Project (Shibuya 2-chome West Area Redevelopment)



Main Value Creation Initiatives

Upgrading urban infrastructure to enhance transportation convenience and excitement

- Creating outdoor public areas and upgrading bus terminals and pedestrian networks

Introducing urban functions that help enhance international competitiveness

- Upgrading STEAM personnel training bases and international housing and lodging facilities

Strengthening emergency preparedness and reducing environmental impact

- Taking measures to strengthen emergency preparedness and reduce environmental impact in the area

Total floor space: Block A: approx. 4,200 m²; Block B: approx. 255,000 m²; Block C: approx. 63,000 m²

Main uses: Offices, stores, hotels, personnel training facilities, bus terminals, housing, etc.

Number of floors: Block A: 5 floors above ground, 1 floor below ground; Block B: 41 floors above ground, 4 floors below ground; Block C: 41 floors above ground, 2 floors below ground

Start of new construction: Planned for FY2025

Completion of construction: Planned for FY2029

* Blocks A and B are envisaged as Type 1 urban redevelopment projects. Block C is envisaged as a voluntary joint rebuilding project.

■ Initiatives for Area Management Services

Tokyo Tatemono not only develops and operates buildings, but also provides area management services. We are working with the local community to utilize the event and public spaces of buildings to plan events and activities that contribute to the vibrancy and appeal of the area. In this way, we help people interact with each other, heighten the appeal of the entire area, and strengthen the competitive advantage over other cities.



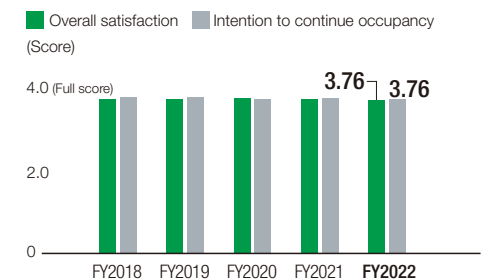
COFFEE PICNIC, and event held in the open area of TOKYO SQUARE GARDEN

■ Management and Operations That Leverage the Collective Strengths of the Group

Every year, we conduct a customer satisfaction survey of our office building tenants. We have been gathering their feedback from the perspective of safety, security, and comfort as we work to make improvements based on customer needs.

Every year, all Group companies in the Commercial Properties Business Division participate in an internal event focused on building management and customer service. The event introduces specific examples of outstanding performance, honoring notable achievements with awards. This raises awareness of the importance of improving quality and customer satisfaction.

Trends in Overall Satisfaction and Intention to Continue Occupancy



* Based on the Company's own monitoring indicators

■ Adapting to Changes in Workstyles and Lifestyles

Due to the recent diversification of workstyles and lifestyles and the widespread adoption of telework, companies' and workers' mindsets toward the workplace have significantly changed, and the content of companies' office strategies have become a major factor in attracting talent. The central offices that serve as the main workplaces need to be situated in good locations where employees can gather easily. There is also increasing demand for advanced facilities and product planning that support productive and active interactions between employees while they are at the office. In addition, realizing efficient and diverse workstyles requires a wide range of workplace options for different types of work. This includes the creation of dynamic project rooms, the use of spare time during transit, and the use of individual booths for concentration.

Tokyo Tatemono is pursuing initiatives aimed at meeting the full range of office needs of companies. We offer high-spec central offices as well as serviced offices, co-working spaces, and space-sharing services that cater to a variety of workstyles.



High-end flexible office that opened in December 2022
Expert Office Nakano CP

Commercial Properties Business: Progress under the Medium-Term Business Plan and Strategies Going Forward

Key Strategies 3 Expansion of property sales to investors

Initiatives for Property Sales to Investors

As stated in Key Strategy 1, as construction of large-scale redevelopment projects are completed one after another from 2025, leasing profit will continue to steadily expand.

To achieve sustainable profit growth and enhance asset efficiency, since the start of the previous Medium-Term Business Plan (FY2015–2019), we have been developing diverse asset types that we expect to sell to investors.

As for assets for property sales to investors in the Commercial Properties Business, we handle logistics properties, hotels, retail facilities, medium-size office buildings, and more. There is still stiff competition for acquiring land, but we are steadily securing properties through various means.

Expanding projects to develop logistics properties

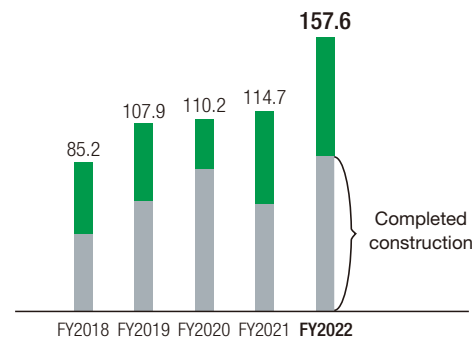
In our T-LOGI series of logistics properties in particular, development has been ramping up in recent years against a backdrop of expanding demand for warehouses as online businesses grow. Tokyo Tatemono has also been steadily accumulating stock, accounting for 60% to 70% of assets for sale to investors in the Commercial Properties Business based on the total amount invested.

While the Company entered the logistics property business relatively late compared to other companies in the same sector, it has been able to steadily secure highly profitable projects by utilizing its extensive information channels and relationships with operating companies that it has amassed over the years, as well as by focusing on projects that require development expertise, thereby avoiding expensive acquisitions.

We believe that we will be able to meet future demand by strategically acquiring land and planning

Commercial Properties Business: Balance of Real Estate for Sale

(Billion yen)



As of December 31, 2022

Asset Type	Number of Properties		Asset Size (billion yen)	
	In operation	Under development	Balance of real estate for sale	Total amount invested*
Logistics properties	8	16	78.8	Around 255.0
Hotels, retail facilities, offices, etc.	16	14	78.8	Around 115.0
Total	24	30	157.6	Around 370.0

*Calculated as the total amount invested by adding construction costs incurred after the property was acquired to the book value at the time it was acquired

Strengths of the product planning of the Company's logistics properties

- Selective investments in highly convenient locations
- Development of facilities that meet every customer need (spaces where people can comfortably work, highly useful warehouse specifications)
- Environmental consideration for the next generation (installation of solar panels at all facilities, acquisition of ZEB and CASBEE (A or higher) as a general rule)

products, as needs for relocation to advanced logistics facilities are strong due to strong demand for e-commerce, the consolidation and closure of existing logistics bases, and the expansion of the third-party logistics (3PL) market. This is true even though there is a risk of a shift in of the balance of receipt and delivery due to the increased supply of logistics facilities.

In fact, tenants have given our properties' location, scale, and facility requirements excellent marks, resulting in an extremely good leasing rate for the properties we have finished building in the last year. This has allowed the T-LOGI series to maintain a high level of competitiveness.

With an eye on creating a REIT specializing in logistics properties, one of the reliable markets for upcoming real estate sales, we are promoting a portfolio strategy that is conscious of area decentralization, and our policy is to carefully select and enter locations with robust demand in the central metropolitan areas of major regions, especially the Tokyo metropolitan area.

Going forward, we will continue implementing cycles to accumulate and utilize expertise as the number of our development projects increase.



T-LOGI Honjo Kodama

Initiatives for Hotels and Retail Facilities

Demand for the development of hotels and commercial facilities, for which we have promoted initiatives since the previous Medium-Term Business Plan, has been recovering since 2022 despite a temporary harsh situation for profitability and the sales market due to the COVID-19 pandemic. The Company has a broad development and operations track record for retail facilities, ranging from urban facilities to large-scale shopping centers in suburbs. We also have a collaboration track record with various operators for hotels. Due to these achievements, we will continue proactively searching for opportunities to acquire investments and profit going forward.

CANDEO HOTELS
TOKYO ROPPONGIFUNDES Kamata
(artist conception)

Initiatives for Medium-size Office Buildings

Amid the widespread adoption of workstyle reforms, telework, and satellite offices, the needs for office buildings are diversifying. In medium-size office buildings as well, we believe demand will rise for offices that feel healthy and comfortable (wellness) and respond flexibly to office worker needs, not just in terms of high specs and design. We therefore launched the T-PLUS brand and made a full-scale entry into the market.

We provide various services that help enhance convenience for customers, such as the use of advanced technologies and leasing formats not bound by existing formats.

T-PLUS
Nihonbashi Kodenmachi

Residential Business

Tokyo Tatemono is engaged in the condominium and residential leasing businesses, with operations centering on the Brilliia brand of refinement and comfort. We offer high-quality housing based on a unique, comprehensive framework that includes all the functions needed to support a more comfortable life for our customers, ranging from planning and development to management, after-sales services, repair, and brokerage.

Main Business Categories

For-sale condominiums business	For-sale condominiums
Property sales to investors	For-rent condominiums
Services	Condominium management, remodeling, renovation work, leasing management

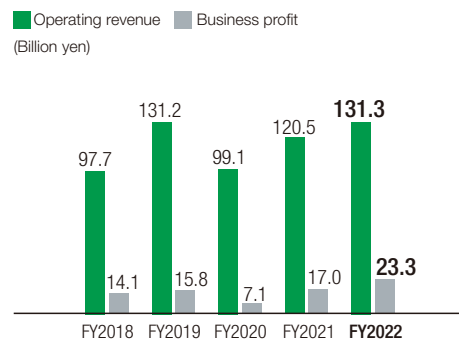
Related Material Issues

♥	Contributing to a safe and secure society
🤝	Addressing the diverse needs of customers and society
👥	Community building and revitalization
🏠	Revitalizing and utilizing real estate stock

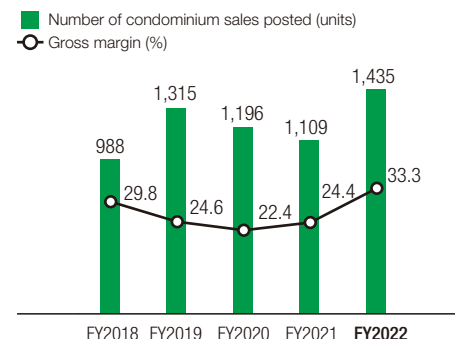


Regarding for-sale condominiums, Underpinned by an ongoing low interest rate environment, an increase in dual-earner households, and demand for more affluent lifestyles, we have been able to continuously supply around 1,000 to 1,500 units annually and achieve a high gross margin exceeding 20%. The land acquisition environment remains intensely competitive, but we are proactively engaging in reconstruction and redevelopment projects and steadily building up our land bank. Regarding for-rent condominiums, we have recorded a decent level of gain on sales from FY2021 against a backdrop of robust investment needs.

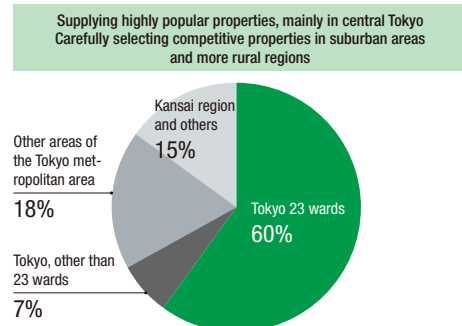
Operating Revenue / Business Profit



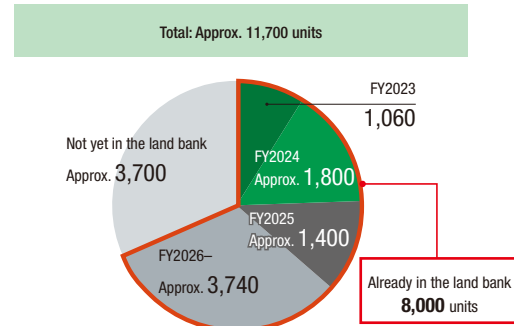
Number of Condominium Sales Posted / Gross Margin



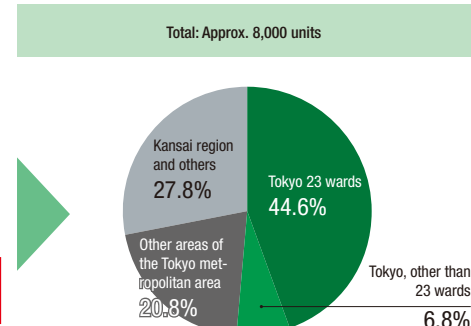
Condominium Sales Posted and Ratio of Sales by Region (January 2016–March 2023)



Projects That Tokyo Tatemono is Pursuing (As of March 31, 2023)



Breakdown of Land Bank* by Region (As of March 31, 2023)



* Listed for the total number of dwelling units for the acquired development site

Operating Environment / Social Issues

Opportunities	Diversifying lifestyles are engendering more sophisticated, more diverse customer needs
	A strengthening trend toward prioritizing convenience amid an increase in household income as the number of dual-income households rises
	Growing interest in environmental measures due to climate change and the increasing severity of natural disasters
Risks	Expansion of real estate investment needs and assets for investment
	Rising construction costs due to rising resource prices and labor costs
	Contraction in the condominium market due to population decline
	Drop in customer purchasing sentiment due in part to higher interest rates

The Company's Advantages

- Brand recognition and customer satisfaction ratings are among the highest in Japan
- Strong track record and expertise in large-scale redevelopment and reconstruction
- A service supply framework that integrates production, sales, and management
- A wide array of information sources, such as financial institutions and existing business partners, in addition to the Group network

Specific Initiatives under the Medium-Term Business Plan

- Investing in select locations expected to have strong competitive advantages
- Focusing on redevelopment and reconstruction that requires expertise and has high added value
- Using our information sources to acquire properties for sale to investors and engaging in dynamic, market-sensitive sales

Residential Business: Progress under the Medium-Term Business Plan and Strategies Going Forward



I think that the Company's true strength will be tested because of the growing uncertainty in the external environment. We will continue further enhancing the competitiveness of the Brilia brand by working diligently to improve customer evaluations and offering high-quality condominiums through an integrated framework spanning production, sales, and management. We will continue to supply homes customers want and aim to be No.1 in customer evaluations in all fields, including product planning, customer services, and management.

Hideshi Akita

Senior Managing Executive Officer and Director
Division Director of Residential Development Division

Key Strategies 2 Further strengthening of for-sale condominium business

Initiatives to Strengthen Our Brand

Brilia is a comprehensive residential living brand based on a concept of refinement and comfort that provides multi-faceted support for people in their daily lives. Brilia provides not only buildings, but access to the various services of the Tokyo Tatemono Group, supporting our customers' continually increasing lifestyle value.

Brilia's "NEW LUXURY RESIDENCE" is based on the idea that true prosperity lies in the ability to pursue individual concepts of "space" and "time"—even against a backdrop of continually evolving values as the times change. By maximizing the value of the Brilia brand, we aim to build relationships with top-notch customers, improving the competitiveness of our properties.



Initiatives to Acquire Top External Rankings for Our Brands

- Tokyo Tatemono ranks third in brand awareness*¹ in the Tokyo metropolitan area.
- Won the Grand Prize in three separate categories as well as the Outstanding Performance Award in the Comprehensive Evaluation category of the SUUMO AWARD,*² the winners of which are chosen by buyers.

*¹ Nikkei 2022 Condominium Brand Survey (responses of Tokyo metropolitan area residents (Tokyo, Kanagawa, Chiba, Saitama))

*² SUUMO AWARD 2023: Received the Outstanding Performance Award in the Comprehensive Evaluation category for condominium developers and sales companies in the Tokyo metropolitan area, as well as Grand Prize in the Livable Residence category, the After-Sales Inspection Satisfaction category for condominium sales and after-sales service, and the High Brand category for condominium developers and sales companies in the Kansai region.

Product Planning Phase

Meticulous attention is paid to every detail, from landscaping that takes into consideration the surrounding environment, to timeless exteriors and common areas, to the interior appointments and decor of apartments. Tokyo Tatemono has received strong industry recognition, including 26 Good Design Awards to date, related to its Residential Business.



Sales/Resales Phase

To enhance customer convenience and showcase the attractiveness of our properties, we opened Brilia Gallery Shinjuku in the Shinjuku Center Building as a base for consolidated sales of newly built Brilia condominiums in February 2023. Included is a permanent concept showroom that allows visitors to experience actual interior spaces, fixtures, specs and other features. To confirm building exteriors, common spaces, and layout variations, the gallery also offers a high-definition VR corner. By enabling the marketing of multiple properties within one facility, the gallery helps us lower our environmental impact and reduce waste, such as furniture, that would be generated by opening a new sales center for each new property.

The same building houses the Brilia Base Total Residential Consultation Desk, which consolidates into one place the Tokyo Tatemono Group's help desks for residential and related businesses, such as those for sales brokerage and renovation. The facilities work in collaboration, enabling a single location to provide consultations and a wide range of condominium-related information, including on new building construction, repurchases, and remodeling.



VR corner where people can experience different layouts

Construction Phase

Thorough quality control entails three levels of checks: in-house inspections, inspections by a third-party organization, and inspections by the customer. As part of this process, since 2004 we have conducted construction site tours in which customers are taken through buildings under construction. We have received positive feedback about these tours, which provide a way to experience first-hand the comfort that the property offers.



A construction site tour

Property Management Phase

Our management staff receive hospitality training to ensure that they are qualified to support our customers and assure their safety and comfort after moving into one of our properties.

In a survey*³ assessing condominium residents' satisfaction with property management companies, Tokyo Tatemono Amenity Support, the management and operation division of the Group, ranked third overall. For the fifth consecutive year, it ranked first in the group of companies with less than 100,000 units under management. Its condominium management contract volume had risen to 79,778 as of March 31, 2023. Tokyo Tatemono Amenity Support has branched out from condominium management into a range of other business areas, including remodeling and renovation.

*³ Source: "Property Management Company Satisfaction Ranking," www.sumai-surf.in.com website of Style Act Co., Ltd.



Residential Business: Progress under the Medium-Term Business Plan and Strategies Going Forward

Key Strategy 2 Further strengthening of for-sale condominium business

Acquiring Highly Competitive Properties and Next Steps

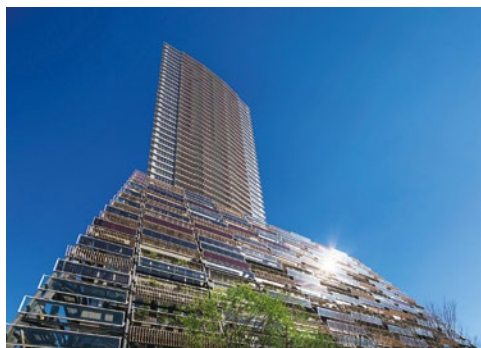
■ Focusing on Reconstruction and Redevelopment Businesses

The large-scale apartment complexes built to support Japan's rapid post-war growth are continuing to age, and a not insignificant number of buildings have serious problems, including questionable levels of earthquake resistance and anti-crime security features as well as a lack of elevators. As their residents also age and decline in number, a major issue will be how to revitalize the aging buildings and communities connecting neighbors. We are focusing on rebuilding and redevelopment projects to meet the needs of urban districts currently densely packed with wooden houses and to address the growing need to replace aging condominiums. By upgrading our existing stock, we will promote safer and more secure urban development for customers and local residents while creating new value aligned with the times and helping revitalize local communities.

Rebuilding and redevelopment projects involve a multitude of related parties, and reaching an agreement with everyone is exceedingly difficult and time-consuming. Tokyo Tatemono, however, is working on this project using the wealth of achievements and know-how it has acquired thus far. In addition to concentrating on rebuilding and redevelopment projects, we will continue to concentrate on business opportunities in highly convenient locations and the development of high value-added housing.



(Sustainability Report 2023) Revitalizing and Utilizing Real Estate Stock pp. 57-58



Brillia Tower Ikebukuro

Japan's first redevelopment project for a high-rise apartment complex integrated with the local ward government offices



Brillia Tama New Town

Japan's largest reconstruction project, a 640-unit complex being rebuilt with 1,249 units

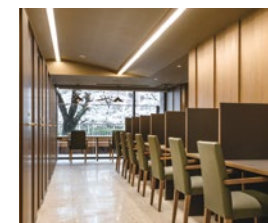
■ Business Environment and Major Properties Slated to Open

Although we will need to pay close attention the impact of rising home loan interest rates on customers' desire to purchase, there has not been a significant impact on sales to date. The condominium market remains strong against a backdrop of persistently relatively low interest rates, an increase in dual-income households, and demand for more affluent lifestyles.

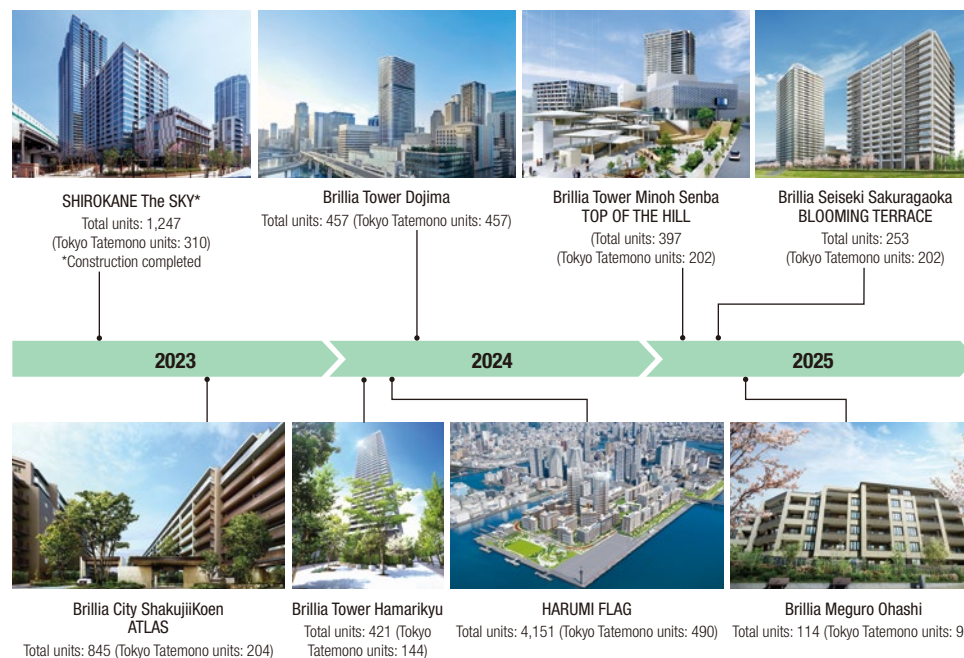
Going forward, we plan to secure properties that garner significant attention, such as large-scale redevelopment projects in city centers and large-scale high-rise condominiums in the center of regional cities. In fiscal 2023, we expect to be able to achieve a high gross margin of 31%.

■ Efforts to Cater to Changes in People's Lifestyles

Demand continues to evolve amid changing workstyles and the shift to working from home that was triggered by the pandemic. We are responding to this by working to ensure that our properties provide both a comfortable work environment and a relaxing living environment. Our for-sale condominium Brillia City Nishi Waseda boasts a range of innovative features designed for this purpose. The common area includes a co-working space with management services. In the apartments, floor-to-ceiling doors (moveable partition walls) are installed to provide flexible privacy for residents who need to work from home.

Brillia City Nishi Waseda
Co-working Lounge

Major Properties Slated to Open



Residential Business: Progress under the Medium-Term Business Plan and Strategies Going Forward

Key Strategies 3 Expansion of property sales to investors

Initiatives for For-rent Condominiums

We are expanding the Brillia ist series of for-rent condominiums in city centers as an asset for property sales to investors in the Residential Business. We help enhance capital efficiency and stably create profit through dynamic sales against a backdrop of robust investment needs and product planning that meets customer needs.

Brillia ist is in harmony with urban living and offers residences with comfortable environments that efficiently create relaxation, based on the concepts of practicality and ever more radiant refinement along with thorough safety.

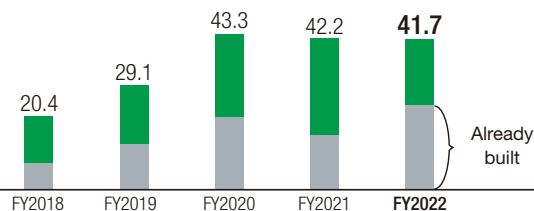
"ist" in the brand name represents the vision of tenants as people who are focused on living life their own way. We are working to enhance the competitive advantages of properties in tangible and intangible ways, using such tools as customer satisfaction surveys to ascertain residential needs and setting up lounge spaces where people can telework.

In addition, to help realize a low-carbon society, we are proactively working to acquire green building certification and promoting the shift to ZEH. Recently, we have also focused efforts on enhancing the emergency resilience of properties, to this end installing both solar panels and storage batteries.



Balance of Real Estate Used for Selling For-rent Condominiums

(Billion yen)



As of December 31, 2022

Asset Type	Number of Properties (buildings)		Asset Scale (billion yen)	
	In operation	Under development	Balance of real estate for sale	Total investment*
For-rent condominiums	14	19	41.7	Approx. 70.0

*Calculated by adding construction and other costs incurred after acquisition to the book value of each property at the time of acquisition.



Brillia ist Shibuya Honmachi



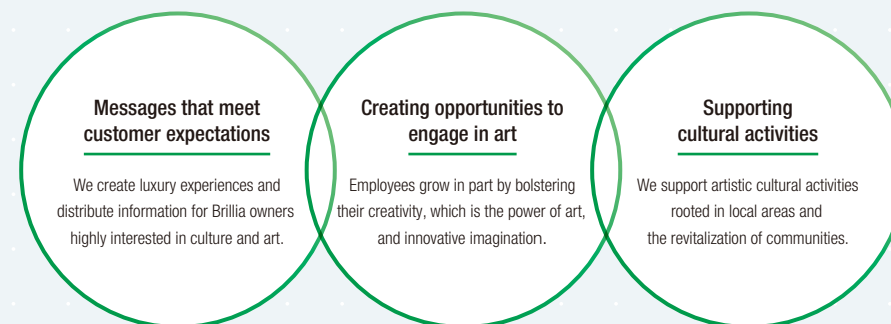
Brillia ist Nishi Waseda

Highlights

Brillia Art

In line with plans to differentiate this brand and bolster employee creativity and imagination, the Company focused on collaboration with and support for artistic activities.

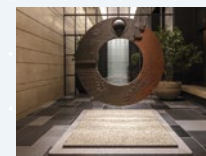
Looking to enrich lifestyles through art, we reach out to creators outside the Company to meet customer expectations while, within the Company, we strive to provide opportunities for our employees to engage in artistic pursuits. For society as a whole, we will continue supporting cultural activities rooted in local areas and work to revitalize communities.



Specific Initiatives

Art Exhibits in the Common Areas of Properties

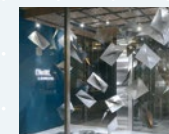
We strive to incorporate art into the design of common areas and enhance the attractiveness of properties by forming focal points in spaces.



Brillia Ichibancho common area art

Support Artists with the Brillia Art Award

Since 2018, we have solicited, exhibited, and awarded artwork showcased in the headquarters gallery of the Brillia condominium brand to support innovative artists blazing trails for the next generation.



Headquarters gallery exhibition space

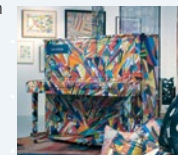
Disseminating Art at the BAG-Brillia Art Gallery

In 2021, we opened BAG-Brillia Art Gallery in the Company's building in the Kyobashi area of Chuo Ward to hold various exhibitions on the theme of living and art.



Traveling Art Piano

We created the Brillia Art Piano, a street piano that anyone is free to play, with the aim of creating opportunities to closely engage with art. The piano travels around with the aim of realizing a world where everyone is accepted and recognizes each other's differences with art and music.



The Art Piano

Asset Service Business

Capitalizing on the range of services it is able to offer for the effective use of property and land, the Tokyo Tatemono Group provides comprehensive solutions through its real estate brokerage, asset solution, management service, parking, and other businesses.

Main Business Categories

Real Estate Transaction Business	Brokerage and corporate real estate operations
Property sales to investors (Asset Solution Business)	Office buildings, condominiums for sale or rent, retail buildings, and hotels
Parking Business	Parking lots

Related Material Issues



Revitalizing and utilizing real estate stock

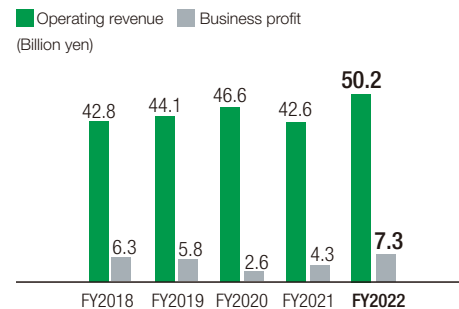


As for the brokerage and asset solution businesses, their performances remained strong against the back-drop of an active real estate transaction market, enabling us to stably record profit.

In the parking business, occupancy remained low in fiscal 2020 and 2021 due largely to the impact of the spread of COVID-19, but occupancy and profits have improved since the second half of fiscal 2022 as the flow of people has recovered.

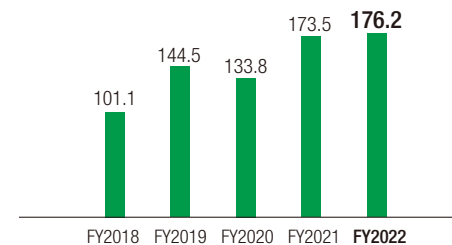
We will continue to work on strengthening our profitability and competitiveness while steadily expanding our business.

Operating Revenue / Business Profit



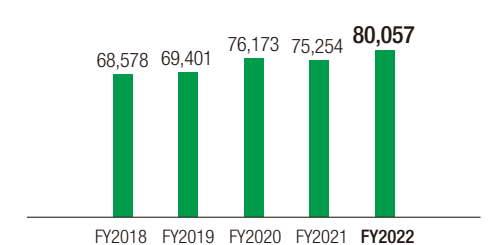
Brokerage Transaction Volume

(Billion yen)



Parking Spaces under Operation

(Individual spaces)



Real Estate Transaction and Asset Solution Businesses

Operating Environment / Social Issues		The Company's Advantages	
Opportunities	Increased real estate transactions due to the shift toward a society in which properties are used across generations	•Solid relationships with customers and financial institutions and expertise in judging the value of real estate acquired over many years of experience	
	Growth in real estate investment demand due to low interest rates	•Ability to offer one-stop solution services that draw on the resources of the Group	
Risks	Drop in customer purchasing sentiment regarding real estate and economic recession due in part to higher interest rates	•Synergistic relationships between the Tokyo Tatemono Group and customers springing from existing developments	

Specific Initiatives under the Medium-Term Business Plan

- Capitalize on information sources to actively identify customer needs
- Use expertise in judging the value of real estate to acquire properties with value-adding potential and sell properties quickly in response to market conditions

Parking Business

Operating Environment / Social Issues		The Company's Advantages	
Opportunities	Demand is growing for large private parking lots as well as municipal and other public parking lots in conjunction with redevelopment projects	•Track record and expertise in developing and operating large self-park parking lots	
	Development of new parking services in response to the wave of change in the automobile industry represented by CASE*	•Investment and development capabilities for parking facilities and systems leveraging scale as Japan's third-largest pay-by-the-hour parking business operator	
Risks	Accelerated sale and repurposing of parking lots by landowners due to rising land prices		
	Worsening business conditions due to behavioral restrictions put in place following new infections		

Specific Initiatives under the Medium-Term Business Plan

- Aggressive expansion of large parking lot development through the diversification of contract types and proposals of cutting-edge systems
- Boost competitiveness by developing and rolling out systems that contribute to improved operational efficiency and customer service

*CASE: Connected, Automated/Autonomous, Shared & Service, and Electrification

Asset Service Business: Progress under the Medium-Term Business Plan and the Strategies Going Forward



The world is changing rapidly and the real estate environment with it. Unlike most mass-produced products, the real estate products we handle are unique and extremely expensive. The trust of our customers is therefore essential to closing such transactions as property sales and leasing. To earn this trust, we work to ensure an accurate understanding of the various real estate-related needs of our customers, based on which we create and deliver products and services that only Tokyo Tatemono can provide.

Hideshi Akita

Senior Managing Executive Officer and Director
Division Director of Real Estate Solution Service Business Division

The Asset Service Business derives optimal solutions from the wide range of businesses within the Tokyo Tatemono Group. The integrated strengths of the Group are what make our comprehensive consulting business possible. Through the Asset Service Business, we are aiming to achieve an optimal balance between providing solutions to social issues and growing as a company by adding new value to real estate and meeting the needs of customers. For instance, in the brokerage and asset solution businesses, we can contribute to the realization of a society in which properties are used across generations by repurposing existing, unused properties into quality products with high market value. Moreover, we can contribute to the safety of residents and areas through work that renews and improves the earthquake-resistance and disaster-prevention features of properties. In the parking business, we construct parking lots equipped with power feeders and other equipment that support the adoption of EVs and through the use of DX are helping to eliminate traffic congestion by promoting the smooth use of parking lots via the introduction of a smartphone accessible reservation system for hourly parking spaces that allows users to check availability.

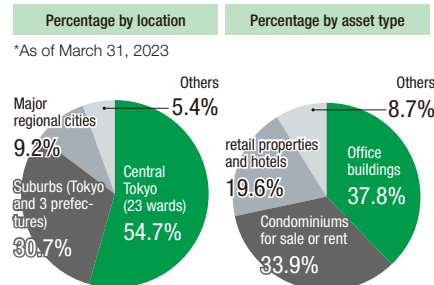
The medium-term business plan calls for us to work through these businesses to facilitate the distribution of properties and provide quality assets that meet needs for the effective use of real estate and investment properties. By further growing the non-asset side of the business in conjunction with the expansion of Group-related assets, we are pursuing ongoing profit growth and the improvement of capital efficiency.

Key Strategy 3 Expansion Property Sales to Investors

Asset Solution Initiatives

The Asset Solutions business, which engages in the revitalization of existing real estate, has continuously posted stable profits against the backdrop of an active real estate transaction market. The property acquisition market remains heated and highly competitive and we will continue to monitor market trends attributable to rising interest rates and other factors while expanding our information channels and identifying new investment needs. We will also strive to acquire quality properties, leveraging the skills of discernment we have cultivated.

Asset Solution: Breakdown of Assets Held*



Key Strategy 4 Strengthening of brokerage, fund, and parking businesses

Brokerage Business Initiatives

The Tokyo Tatemono Group is strengthening its brokerage and corporate real estate activities with an eye to expanding opportunities for acquiring quality real estate information.

In corporate brokerage, focusing on the strong real estate investment needs of funds, corporations, and wealthy individuals, we are expanding information channels and acquiring new clients by utilizing our properties for sale to investors and deepening the relationships we have cultivated with our close clients to acquire large-scale brokerage projects. In retail brokerage, we aim to expand the handling of secondary distribution by leveraging Brilli's product reputation and customer base.



Tokyo Tatemono Real Estate Sales
Shirokane-Takanawa Branch

Key Strategy 4 Strengthening of brokerage, fund, and parking businesses

Parking Business Initiatives

We have developed and are operating about 80,000 parking spaces in 1,900 locations across Japan (as of March 31, 2023) under the NPC24H brand. By taking into account surrounding conditions, the size of the site, and other factors, we are able to design and deliver optimal parking lots.

We are working to expand the number of facilities under operation by drawing on our sophisticated operational expertise related to large self-park parking lots and other areas. By investing in digitalization, we will develop parking operations that use IT data. We will also actively work to make our parking facilities more convenient for users by providing new added value such as cashless parking and links to reservation systems.

In addition, we are actively working to reduce our environmental impact. In the summer of 2022, we began demonstration testing of an autonomous solar road surface power generation system that combines solar power panels embedded in the road surface and refillable battery-powered generators to generate electricity. As of March 31, 2023, we have also completed the switchover to green electricity at approximately 900 locations, about half of the parking facilities we operate, and are focusing on differentiating ourselves from our competitors by steadily increasing the number of EV chargers installed.

The parking lot business is strongly affected by crowd levels, business trip frequency, and tourism. Although it was heavily impacted by COVID-19, demand has recovered with people returning to the streets, and we will continue to acquire new projects as well as improve the profitability of existing projects.



Demonstration experiment at
NPC24H Minami-Osawa Ekimae
parking lot.

Other Businesses

Fund Business

Key Strategy 4 Strengthening of brokerage, fund, and parking businesses

Through Japan Prime Realty Investment Corporation (a listed J-REIT) and Tokyo Tatemono Private REIT, Inc., as well as through private funds, Tokyo Tatemono provides a variety of real estate investment products to a broad range of investors, from institutional investors and pension funds to individual investors.

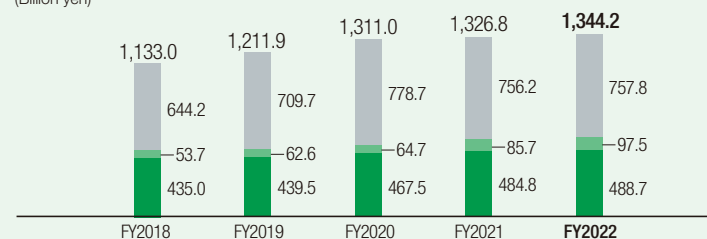
Operating Environment / Social Issues	
Opportunities	Growing needs for real estate investment
	Expanding asset types available for investment
Risks	Mounting competition to acquire real estate
	Shifts in the financing environment
Our Advantages	
• Able to draw on the real estate expertise of Tokyo Tatemono to gain opportunities to acquire real estate and maximize asset value	
Specific Initiatives in the Medium-Term Business Plan	
• Support the growth of J-REITs, private REITs, and private funds by increasing property sales to investors • Increase profit opportunities by expanding the Group's assets under management	

■ Status of Priority Policy Initiatives

We will strive to expand our asset portfolio by capitalizing on the Group's expertise in judging the value of real estate to acquire promising properties while enhancing the quality of the portfolio through strategic asset replacement. At the same time, we will help capture profit opportunities for the Group in asset and property management and other areas, increasing the sale of properties to J-REITs, private REITs, and private funds in order to grow the Group's assets under management (AUM).

Changes in Group AUM

■ Private funds, etc. ■ Tokyo Tatemono Private REIT, Inc.
■ Japan Prime Realty Investment Corporation
(Billion yen)



Overseas Business

Key Strategies 5 Growth in overseas business

The Tokyo Tatemono Group has established overseas subsidiaries in Shanghai and Singapore and is partnering with local companies to engage in development projects in China and emerging ASEAN countries that offer substantial growth potential.

Operating Environment / Social Issues	
Advantages	Rise in middle-income and wealthy individuals due to strong economic growth in Asian countries
	Growing number of local companies seeking tie-ups with Japanese partners and local governments taking stronger measures to attract foreign capital
Risks	Changes in economic and political conditions and tightening of real estate regulations
	Increased geopolitical and country risks
Our Advantages	
• Strong development track record (a total of about 25,000 units delivered to date) and a relationship built up over more than 15 years with major Chinese developer China Vanke • Wealth of real estate development expertise and high-quality condominium development experience gained in Japan	
Specific Initiatives under the Medium-Term Business Plan	
• Collaborate with prominent local developers knowledgeable about business practices and markets in their countries • Expand the business chiefly in China and other countries where we have an existing footprint. In addition, the Company explores business opportunities in developed countries. • Invest in short-term turnover projects, which feature relatively short business cycles and offer little risk of change in the business environment	

■ Status of Priority Policy Initiatives

Strengthening Cooperation with Local Partners

Tokyo Tatemono has steadily expanded its Overseas Businesses through partnerships with leading local property developers and sent its employees to operational sites to ensure consistent risk control. We have been involved in the development of for-sale condominium operations in China with major local developer China Vanke for more than 15 years. In addition, we are developing our business in Thailand, a market we entered in 2018, together with several strategic business partners. We will continue to make selective investments to acquire business opportunities in growth markets, giving full consideration to the market environment and country risk of each country.

Xuzhou-Chengbei Project, China



Total Project Cost
Approx. 35 billion yen

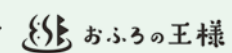
Tokyo Tatemono share
Approx. 30 %

Leisure and Child Care Business

■ Leisure Business

As lifestyles in Japan grow more diverse and consumers increasingly choose to spend money on experiences as opposed to goods, our Leisure Business aims to offer authentic experiences and highly hospitable services that provide customers with maximum relaxation and comfort.

Targeting the recent boom in pet tourism, pet-friendly Regina Resort hotels feature facilities and services on a par with luxury hotels while allowing guests to be accompanied by their dogs in all rooms and areas. Highly popular among wealthy dog owners, the number of Regina Resort with DOGS hotels has increased to eight. We also operate Ofuro no Osama bathhouses, where customers can freely enjoy a dozen different baths and stone spas. We have ten locations, mainly in the Kanto area. Many customers enjoy these bathhouses as places for communication as well as spaces that support their mental and physical wellbeing. The Group also operates 12 golf courses throughout Japan.



Regina Resort Kyu-Karuzawa



Ofuro no Osama Wako

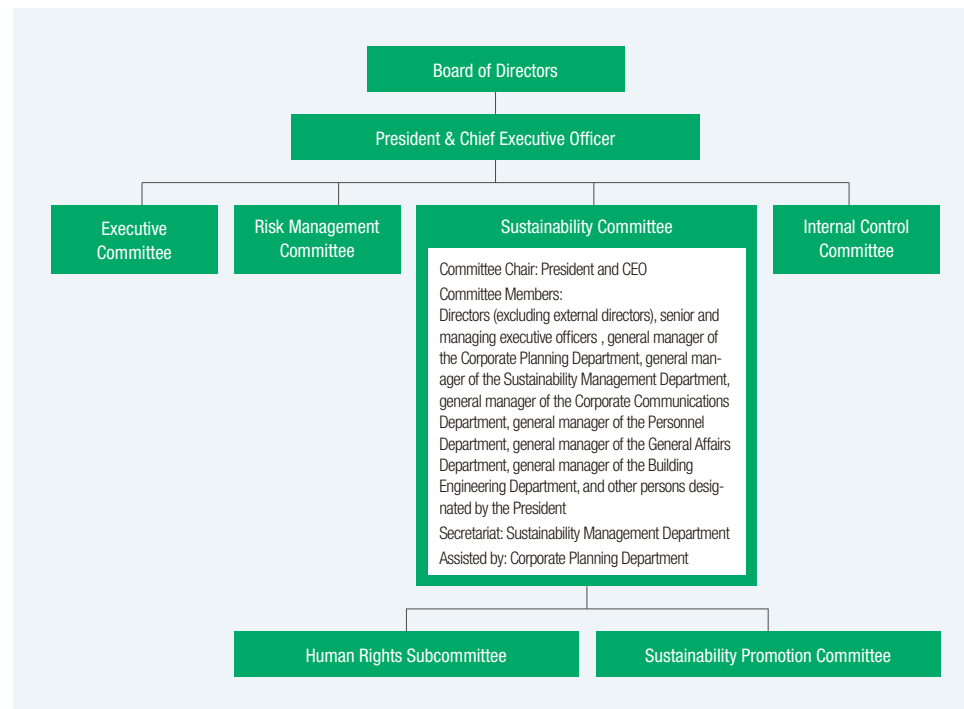


Kawaguchiko Country Club

A Sophisticated Approach to ESG Management

Based on its long-term vision of becoming a next-generation developer, the Tokyo Tatemono Group is promoting advanced ESG management and actively implementing sustainability measures on a Group-wide basis in order to solve social issues and grow as a company at a higher level through its business.

ESG Management Framework



In order to promote Group-wide sustainability measures, we have established the Sustainability Committee, chaired by the President and Chief Executive Officer, and the Sustainability Promotion Committee, a subordinate body to carry out preliminary discussions on matters to be deliberated. In addition, a Human Rights Subcommittee was established in January 2023 to further promote initiatives based on the Human Rights Policy.

The Sustainability Committee is positioned directly under the control of the President and is tasked with deliberating important ESG-related matters, establishing targets, monitoring their progress, and evaluating their achievements.

In addition, matters deliberated by the Sustainability Committee are, on an as-needed basis, submitted for discussion and reported on to the Board of Directors, which is charged with its supervision.

Highlights of Participation in Initiatives and External Evaluation

The major initiatives in which the Tokyo Tatemono Group participates are listed below. In addition, the Group has been selected and evaluated by the ESG indexes and benchmarks listed.

Evaluation Organizations and Initiatives/Indexes	Evaluation, etc.
U.N. Global Compact	Participation
TCFD	Approval
SBTi	Certification
RE100	Participation
CDP	B
GRESB Standing Investment Benchmark	5 Star
Health & Productivity Management Outstanding Organizations Recognition Program	White 500
MSCI Japan ESG Select Leaders Index	Selection
MSCI Japan Women's Activity Index (WIN)	
FTSE Blossom Japan Index	
FTSE Blossom Japan Sector Relative Index	
S&P/JPX Carbon Efficient Index	
Morningstar Japan ex-REIT Gender Diversity Tilt Index (GenDi J)	
FTSE4Good Index Series	



Topics

ESG Finance

We have developed multiple financing frameworks that conform to the four principles (use of proceeds, project evaluation and selection process, management of proceeds, and reporting) of the Green Bond Principles, the Social Bond Principles, the Green Loan Principles, and the Social Loan Principles referenced by the International Capital Markets Association (ICMA) and others, and we continue to issue green bonds and sustainability bonds in accordance with these principles.

Balance of green bonds and sustainability bonds issued*

140 billion yen (including 90 billion yen in hybrid corporate bonds)

*As of December 31, 2022

Long-Term Vision and Materiality

Long-Term Vision

Becoming a Next-Generation Developer

We live in a time of profound change. We are experiencing shifting demographics, growing diversity among personal values, ever-accelerating technological development, and more. Amidst these uncertainties, a broad range of challenges to achieving social sustainability have emerged. The Tokyo Tatemono Group understands that the role of developers must also change in fundamental ways. We are committed to using our business to offer better solutions to society's problems and bring our own growth as an enterprise to a higher level. By doing so, we aim to be a good company for all our stakeholders.

Fundamental Policy for Our Long-Term Vision

1. Solve a Variety of Social Issues

- Contribute to the SDGs

2. Steady Profit Growth

- Target for 2030: Consolidated business profit of 120 billion yen
- Our basic policy for profit growth is to steadily increase stable leasing profit and make it the core of our profit composition. We also aim for a well-balanced profit structure with an awareness of capital efficiency.

Approach to Value Creation by Addressing Materiality

On our path to realizing our long-term vision, we have identified 14 key issues from the perspective of both creating social value and the infrastructure needed to create such value with an awareness of the shared value with society that we will realize through our business.

By working to solve critical issues through our business and maximizing the positive impact we have on society while minimizing negative impact, we will contribute to the realization of a sustainable society as well as to our growth as a company.

Background of Materiality Assessment

2018 Reviewed the SDGs and other social issues, aiming to take in a wide range of social issues connected to our business. Identified 35 social issues that the Tokyo Tatemono Group should consider.

2019 Assessed the importance of 35 social issues in terms of the magnitude of social needs and alignment with our business. Identified material issues.

2021 Conducted studies for revising material issues based on recent social trends as well as knowledge gained through advice from external experts, participation in various initiatives, and communication with stakeholders. Approved material issues after validation and discussion by the Sustainability Committee and directors.

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			
	 Wellbeing			
	 Addressing the diverse needs of customers and society			
	 Value co-creation and innovation			
	 Social implementation of technology			
	 Revitalizing and utilizing real estate stock			
Value creation platform	 Promoting a decarbonized society	 KPIs and Targets p. 37 Coexistence with the Earth and the environment	     	
	 Promoting a recycling-oriented society			
	 Improve employee growth and job satisfaction	Value-creating talent		
	 Diversity & Inclusion			
	 Advancement of governance			Realizing sustainability management
	Strengthen risk management framework			

 KPIs and Targets p. 37

KPIs and ESG-related targets were established based on the identified material issues.  p. 37

In order to achieve the targets, action plans with process targets in mind are incorporated into the business plans of each business division or business department. The Sustainability Promotion Committee ascertains the status of initiatives, and the Sustainability Committee establishes a PDCA cycle and manages progress toward achieving the targets.

Material Issue KPIs and Targets

Below are the KPIs and targets we have established. We have stepped up efforts toward their achievement in light of the moving up of initial target achievement dates for some items related to the promotion of a decarbonized society in February 2023 as well as the upgrading of others.

Material Issues	Item	Scope	KPI and Targets
Promoting a decarbonized society 	Reduction in greenhouse gas emissions	All business	Net zero CO ₂ emissions by FY2050*1 40% reduction in CO ₂ emissions compared to FY2019 by FY2030*1
	Shift to renewable energy	All business	Procure 100% of electricity consumed in business activities from renewable energy sources by FY2050
		Commercial Properties Business	Procure 100% of electricity consumed at owned properties from renewable energy sources by FY2030*2 Procure at least 50% of electricity consumed at owned properties from renewable energy sources by FY2024*2
	Promotion of development of ZEB and ZEH*3	Commercial Properties Business	Develop ZEB*2 for, in principle, all new office buildings and logistics properties*4
		Residential Business	Develop ZEH*2 for, in principle, all new sales of condominiums and rent condominiums*5
	Acquisition of Green Building Certification*6	Commercial Properties Business Residential Business	Acquire Green Building Certification*2 for, in principle, all new office buildings, logistics properties, and condominiums for rent.*7
Promoting a recycling-oriented society 	Reduction of waste emissions	Long-term buildings*8	20% reduction in the rate of waste emissions per unit by FY2030 compared with FY2019
	Waste recycling promotion	Long-term buildings*8	Achieve a waste recycling rate of 90% by FY2030
	Reduction of water consumption	Long-term buildings*9	Reduction of water consumption per unit compared with previous fiscal year
	Promotion of use of recycled water	Office buildings with total floor area exceeding 30,000 m ²	Install gray water*10 treatment facilities at, in principle, all new office buildings with a total floor area of more than 30,000 m ² by FY2030
Promoting a decarbonized society Promoting a recycling-oriented society  	Promotion of use of wood materials	Long-term buildings Condominiums for sale or rent	Use domestic timber and certified timber in the interior and furniture of common areas of all new office buildings, for-sale and for-rent condominiums by FY2030.
		Condominiums for sale or rent	Develop for-sale and for-rent condominiums that use CLT for major structural components by FY2023.
	Collaboration and co-creation with customers	Long-term buildings*9	Communicate with tenants about sustainability at least 4 times a year
		Condominiums for sale or rent	Communicate with residents and plan and implement sustainability measures
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 and follow-up test rate: 100% each fiscal year
		Tokyo Tatemono	Smoking rate: 12% or less each fiscal year
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: 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: 2.3% or more each fiscal year

*1 Applies to the total of Scopes 1 and 2 and to Scope 3, category 11.

*2 These targets were revised in February 2023 through changes including moving forward the target timing for achievement. The targets shown in this table are the revised targets based on such changes including earlier achievement timing.

*3 In addition to "ZEB" and "ZEH(-M)", includes Nearly ZEB, ZEB Ready, ZEB Oriented, Nearly ZEH(-M), ZEH(-M) Ready, and ZEH(-M) Oriented.

*4 Applies to new buildings for which design work began in January 2023 or later. Excludes certain properties such as joint venture properties or properties with special uses.

*5 Applies to new buildings for which design work began in June 2021 or later. Excludes certain properties such as joint venture properties or properties with special uses.

*6 Mainly refers to DBJ Green Building certification, CASBEE building and BELS (Building Energy Saving Performance Labeling System) certification.

*7 Applies to new buildings for which design work began in January 2023 or later. Excludes certain properties such as joint venture properties or properties with special uses.

*8 Applies to the main long-term buildings and commercial facilities for which we have substantial energy management rights and for which we have submitted plans for the reuse and reduction of waste materials.

*9 Applies to the main long-term buildings and commercial facilities for which we have substantial energy management rights.

*10 Recycled water derived from rainwater and miscellaneous wastewater generated in buildings (e.g., wastewater from cooling towers and tenants' kitchens). It is reused for non-potable purposes such as toilet flushing and watering plants.

Environmental Strategy

Tokyo Tatemono Group's Environmental Strategy

Under the Tokyo Tatemono Group Environmental Policy, we aim to contribute to the development of a sustainable society through environmentally conscious business activities. We have identified promoting both a decarbonized society and a recycling-oriented society as environmental material issues and, by working to resolve these issues through our business, aim to realize coexistence with the earth's environment, a value we share with society.



(Sustainability Report 2023) Environmental Management pp. 21-25

Promotion System

Under the Sustainability Committee, which is chaired by the president, and its subordinate Sustainability Promotion Committee, environmental measures are promoted across the entire Group.

We have established environmental management systems aligned to the characteristics of each of our businesses. Within these systems, we have established PDCA cycles. In the Commercial Properties Business, a variety of measures are being carried out under the Environmental Measures Promotion Group, a permanent organization that plans and oversees environmental measures in addition to providing support and guidance while monitoring progress. In the Residential Business, various measures are being taken by the Environmental Measures Project Team, which plans environmental measures, supports their implementation and monitors progress.

Other businesses and Group companies conduct their business according to environmental guidelines established in line with the Group Environmental Policy.

Road Map to Reducing Greenhouse Gas (GHG) Emissions

Medium- to Long-Term Targets for Reducing Greenhouse Gas Emissions

CO₂ emissions: 40% reduction by FY2030 compared to 2019

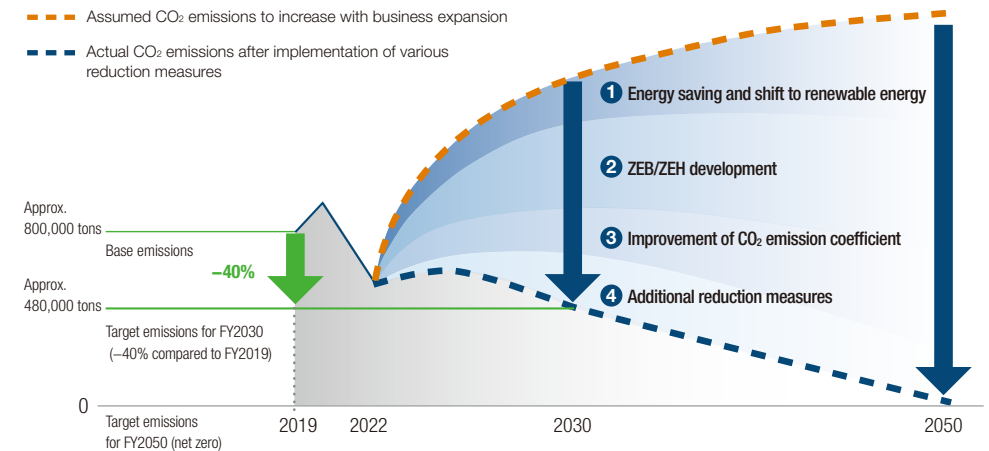
Net zero by FY2050

(SBT certification has been obtained for the FY2030 target)

The Tokyo Tatemono Group is supporting initiatives to reduce greenhouse gas emissions and has established the target at left as its medium- to long-term target. In September 2021, we obtained Science Based Target (SBT) certification from the SBT Initiative, an international climate change program, for our fiscal 2030 target.

In addition, to help achieve our medium- and long-term targets, we have established the process goals that include the further development of ZEB and ZEH, the introduction of renewable energy and the acquisition of Green Building Certification. We are also developing real estate equipped with energy-saving technology for excellent environmental performance, and putting operational initiatives into practice in collaboration with building management firms and tenants.

Road Map to Greenhouse Gas Emission Reduction



Promotion of ZEB and ZEH Development p. 40



Shift to Renewable Energy p. 41

Environmental Strategy

Major Environmental KPIs, Targets, and Results

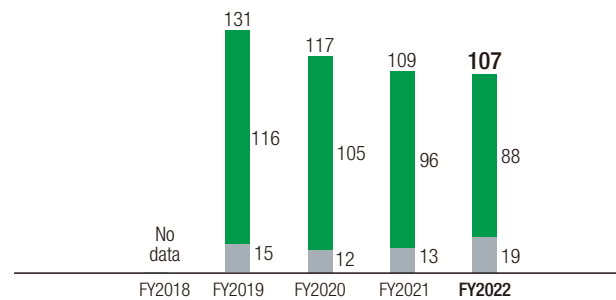
Please refer to material issue KPIs and targets (p. 37) for detailed notes and information on the KPIs and targets established.
For detailed information and notes on each item, please refer to the Data section of the Sustainability Report.

Material issue KPIs and Targets p. 37 (Sustainability Report 2023) Data (Environment) pp. 85–88

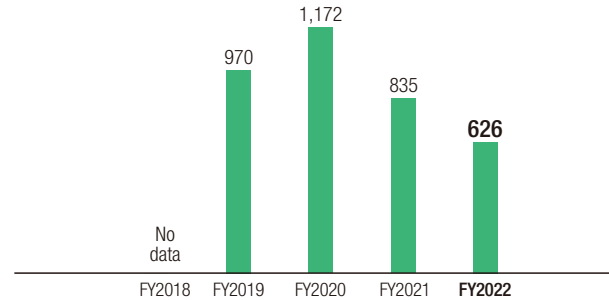
Reduction in Greenhouse Gas Emissions

Target: 40% reduction in CO₂ emissions by fiscal 2030 (compared to fiscal 2019)
Net zero by fiscal 2050

■ Scope 1 (fuel-derived) ■ Scope 2
(Thousand tons of CO₂)



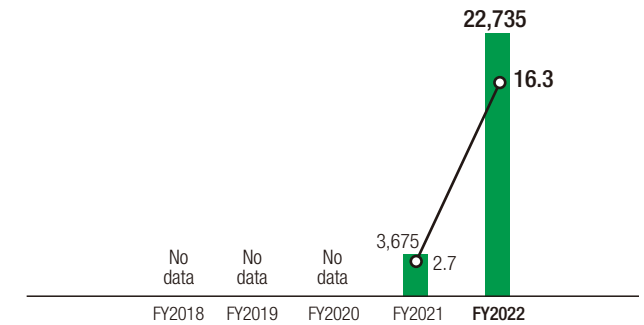
■ Scope 3
(Thousand tons of CO₂)



Introduction of Renewable Energy (electricity)

Target: Ratio of renewable energy in the amount of electricity consumed in the business activities of the Commercial Properties Business
50% or more by fiscal 2024, 100% by fiscal 2030

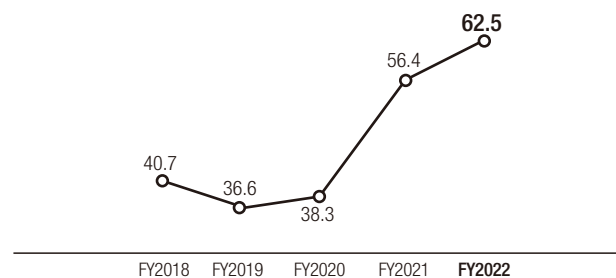
■ Amount introduced (Thousand kWh) ○ Rate of introduction (%)



Obtaining Green Building Certification

Target: Percentage of newly developed properties obtaining Green Building Certification: In principle, 100%.

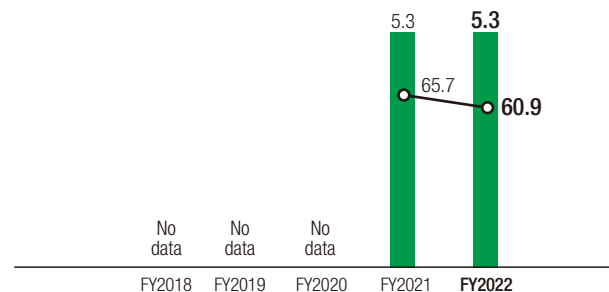
○ Percentage of properties obtaining certification (%)



Reduction of Waste Emissions and Promotion of Recycling

Target: 20% reduction in emissions per unit of production compared to fiscal 2019 by fiscal 2030
90% waste recycling rate by fiscal 2030

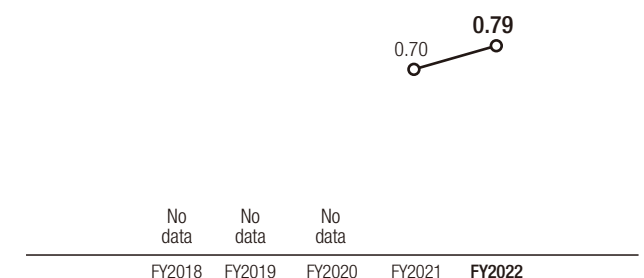
■ Waste emissions per unit of production (ton/thousand m²)
○ Recycling rate (%)



Reduction of Water Consumption

Target: Reduction of water consumption per unit compared with previous fiscal year

○ Usage of water per unit (m³/m²)



Environmental Strategy

Promotion of ZEB and ZEH Development

For newly constructed properties, the Tokyo Tatemono Group is working to create Net Zero Energy Building (ZEB) and Net Zero Energy House (ZEH). Buildings designated ZEB and ZEH are designed to provide a comfortable indoor atmosphere while consuming no primary energy on an annual basis. According to the amount of energy creation and conservation, ZEB and ZEH fall into the following four categories and the overarching intention is to improve both of these metrics.

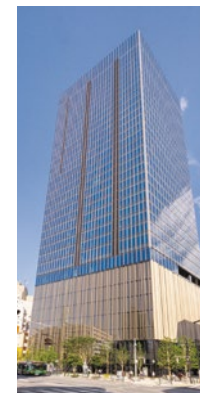
	ZEB Oriented		ZEB Ready	Nearly ZEB	"ZEB"
Types of ZEB	Energy saving only		Energy saving only	Energy saving + energy creation	Energy saving + energy creation
Basic building	30% or more	40% or more	50% or more	75% or more	100%
					
	Hospitals, retail facilities, etc.	Offices, factories, etc.			

Promotion of ZEB Development

We aim to contribute to the promotion of ZEB by registering as a ZEB Leading Owner, as part of an open call for applications by the Sustainable open Innovation Initiative (SII).

In 2019, Hareza Tower became the first to receive ZEB certification in the partial assessment of mixed-use high-rise buildings. As of the end of December 2022, two of our office buildings were certified ZEB Ready and seven logistics properties were certified "ZEB".

ZEB Ready-certified properties



Hareza Tower
(Completed in 2020)

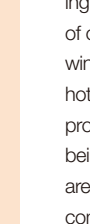


Tokyo Tatemono Shijo Karasuma
Building EAST
(Completed in 2022)

"ZEB"certified properties



Seven logistics properties,
including T-LOGI Narashino (Completed in 2022)

	ZEH-M Oriented		ZEH-M Ready	Nearly ZEH-M	"ZEH-M"
Types of ZEH-M	Energy saving only		Energy saving + energy creation	Energy saving + energy creation	Energy saving + energy creation
Basic building	20% or more	50% or more	75% or more	100%	
					

Promotion of ZEH Development

Since the initial open call for applications in May 2018, we have been registered with the ZEH Developer Registration System, and we are currently working to build ZEH condominiums (ZEH-M). Efforts are being made to increase energy-saving performance, including by improving the insulation performance of outside walls, adopting highly insulated window sashes, and opting for high-efficiency hot water supply equipment. All condominium properties designed in June 2021 or later are being developed as ZEH-M in principle. We are working to convince our clients of the comfort and advantages of ZEH-M and to win their support for our environmentally responsible approach to real estate development.

ZEH-M Oriented-certified properties



Brillia Tsurumaki (Completed in 2019)



Brillia Tower Seiseki Sakuragaoka
BLOOMING RESIDENCE
(Completed in 2022)

Environmental Strategy

Shift to Renewable Energy

Tokyo Tatemono works to lower the CO₂ emissions of every facility. This includes using renewable energy sources for both internal power generation and consumption, the self-consignment of excess electricity generated using renewable energy sources to adjacent buildings, and the use of non-fossil certificates.

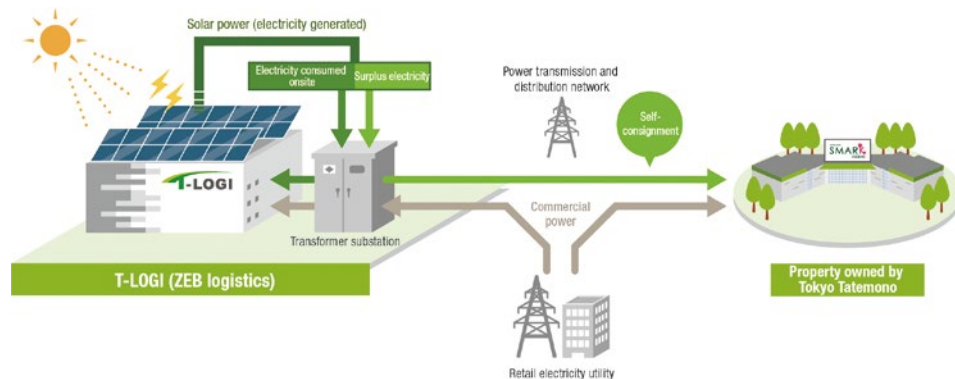
Additionally, we actively promote the use of renewable energy sources to supply our real estate holdings in the Commercial Properties Business. In February 2023, we set new, higher targets: we now aim to use more than 50% renewable energy by fiscal 2024 and 100% by fiscal 2030.

 (Sustainability Report 2023) Shift to Renewable Energy p. 30

Generation and Use of Renewable Energy

The T-LOGI series of logistics facilities use a self-consignment system to ensure that excess electricity produced at Tokyo Tatemono facilities is used effectively. The electricity generated by the large-capacity solar panels installed on each facility's rooftop is consumed in-house.

The self-consignment system of the T-LOGI series also won the Japan Association for Real Estate Sciences' Minister of Land, Infrastructure, Transport, and Tourism Award at the fiscal 2022 Achievement Awards. The honor was presented in acknowledgment of Tokyo Tatemono's initiatives toward carbon neutrality as well as the innovative features of the pilot project that made this feasible. The T-LOGI series will, in principle, seek to obtain ZEB status in the future.



Switching to Renewable Electric Energy

We are supporting the shift to renewable energy sources by employing non-fossil certificates with tracking for electricity purchased from electric utilities in Tokyo Tatemono-owned office buildings, retail buildings, and for-rent condominiums. (In our commercial properties business, about 22,735,000 kWh of renewable energy was installed in fiscal 2022; for an installation rate of around 16.3%.)

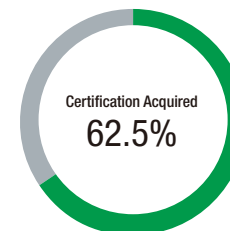
Acquisition of Green Building Certification

As of December 31, 2022, 22 properties among the office buildings, retail buildings, and for-rent condominiums we own and manage have obtained DBJ Green Building Certification. We will continue to aggressively develop real estate with respect for environmental and social effect in response to requests from stakeholders and tenants' increasingly diverse needs.

 (Sustainability Report 2023) External Evaluation and Certification for Green Building pp. 33-34

Acquisition Rate of Green Building Certification (as of December 31, 2022)

- Acquisition Rate of Certification for All Properties Owned and Managed by Tokyo Tatemono
- Seven properties in total received DBJ Green Building certification in 2022



Brilia 1st Nakano Central Park
(completed in 2012)



Promoting a Recycling-oriented Society

The Tokyo Tatemono Group is aware that a building's entire life cycle, from planning and design through construction, operation and management, and demolition, should take environmental protection and resource efficiency into consideration. In order to create environmentally friendly buildings, we take environmental assessment into account during the planning and design stages. We also aim to reduce air and soil pollution by decreasing the generation of waste and hazardous materials and managing them effectively. Also, we are attempting to increase the recycling rate by introducing materials that facilitate the recovery and recycling of resources, decreasing trash generation from the project launch stage, and meticulously sorting waste once the project has begun.

 (Sustainability Report 2023) Promoting a Recycling-oriented Society pp. 36-37

Environmental Strategy

Disclosure Based on TCFD Recommendations

In June 2020, the Group announced its support for Task Force on Climate Related Financial Disclosures (TCFD) recommendations. The societal issue of climate change necessitates international cooperation. As a result, Tokyo Tatemono must also deal with it as a top priority. We acknowledge the value of disclosing financial data related to climate change and will seek to increase such disclosure as suggested by the TCFD.



(Sustainability Report 2023) Disclosure Based on TCFD Recommendations pp. 27-29

Governance

The Group's Sustainability Committee, chaired by the President, deliberates, discusses, and reports on important matters such as the identification of climate change-related risks and opportunities, greenhouse gas (GHG) emissions reduction targets and policies, and the status of initiatives to address climate change. Significant issues raised by the Committee are either placed on the agenda or reported to the Board of Directors, which has oversight over them. In addition, the Sustainability Promotion Committee, a subordinate organization, conducts preliminary discussions on matters to be brought before the Sustainability Committee and examines specific measures to achieve the goals determined through discussion.

Strategy (scenario analysis)

The analysis is based on the current scenario (a scenario in which the average temperature rises by 4°C or more compared to pre-industrial levels by 2100) and a transition scenario (a scenario in which the average temperature increase is limited to less than 1.5°C or 2°C). The scope of the analysis was to identify the main risks and opportunities—primarily for the Group's core businesses of the Commercial Properties Business and Residential Business—and to assess their materiality in terms of their expected degree of impact on the Group's finances. The Group organized the analysis into three impact periods: short term (1–5 years), medium term (5–10 years), and long term (more than 10 years).

Importance Rating Map

Impact (monetary amount)	Likelihood of occurrence		
	Low	Medium	High
	Great	Medium	High
	Medium	Low	Medium
	Small	Low	Low

Risk Management

Climate change risk is addressed within a Company-wide risk management framework and is acknowledged as one of the most critical hazards that could have a substantial influence on the management of the Tokyo Tatemono Group. Each policy and strategy for reducing risk and seizing opportunities related to climate change is examined by the Sustainability Committee. They are then communicated to the Board of Directors and added to its agenda as required, resulting in a system that is overseen by the Board of Directors and is ultimately accountable to the president, who serves as the representative director.

Indicators and Targets

To tackle climate change and accelerate the realization of a decarbonized society, the Tokyo Tatemono Group has set a medium- to long-term goal for decreasing GHG emissions: 40% reduction in CO₂ emissions compared to FY2019 by FY2030 and reach net zero emissions by fiscal 2050. In addition, we monitor GHG emissions on a quantitative basis and report our findings.



Road Map to Reducing Greenhouse Gas (GHG) Emissions p. 38

Our analysis of the financial effects that climate change will have on our business has revealed the following risks and opportunities: Priority will be given to opportunities and risks that have the greatest potential for impact, and initiatives and measures to reduce risks and maximize opportunities will be supported.

Risk/ Opportunity	Category	Item	Impact on Group business	Period of Impact	Materiality	
					4°C	1.5°C /2°C
Transition risk	Policies	Adoption of carbon pricing	Imposition of carbon tax on own emissions (Scopes 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	—
	Reputation	Ensuring disaster preparedness and resilience	Higher renewable energy procurement costs	Short-to medium-term	Low	Low
Physical risks	Acute	Frequent and intense extreme weather events	Higher costs of ensuring disaster preparedness and resilience	Short-term	Low	Low
			Delayed construction schedule due to supply chain paralysis or disruption	Short-term	—	—
			Costs arising from countermeasures and construction period delays	Short-term	—	—
			Loss of rental income in the event of flooding	Short-term	Low	Low
			Restoration costs arising from building damage and flooding	Short-term	Low	Low
			Higher insurance premiums	Short-term	Low	Low
	Chronic	Rise in average temperature	Higher utility costs	Short-term	Low	Low
Opportunity	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

Human Resources Strategy

Tokyo Tatemono sees human resources both as the source of corporate value creation and the realization of sustainable growth and as an indispensable foundation for management. In our material issues, we target improving employee growth and job satisfaction as well as diversity and inclusion. With these issues in mind, we are working to secure and develop our next generation of human resources.

Employees and the Company Growing in Parallel with the Aim of Enhancing Corporate Value

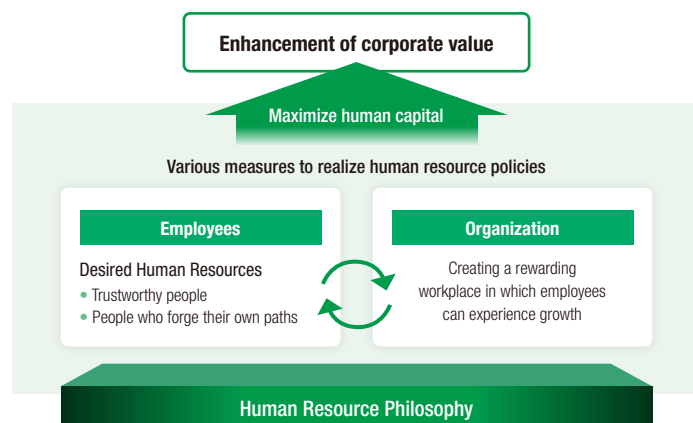
Human Resource Philosophy

The Company's growth is tied to its employees' growth, therefore, we are responsive to their contributions.

Our human resources are the link between the general public and our business—it is through these interactions that employees are able to develop and show off their skills while serving as catalysts for the growth of the organization as a whole. To best harness the proactive energy of employees, we must implement human resource systems and measurements that are in line with employee contributions based on using their abilities and their positions within the organization.

Human Resource Policy

We have established a Human Resource Policy designed to enable the building of a workplace that creates added value while also providing an image of the kind of human resources we, as a company, should target. Our goal is to develop an atmosphere in which employees may advance and perform to their full potential. Through a two-way partnership in which we offer support and the employees respond to our assistance, we seek to maximize human capital and enhance our corporate value.

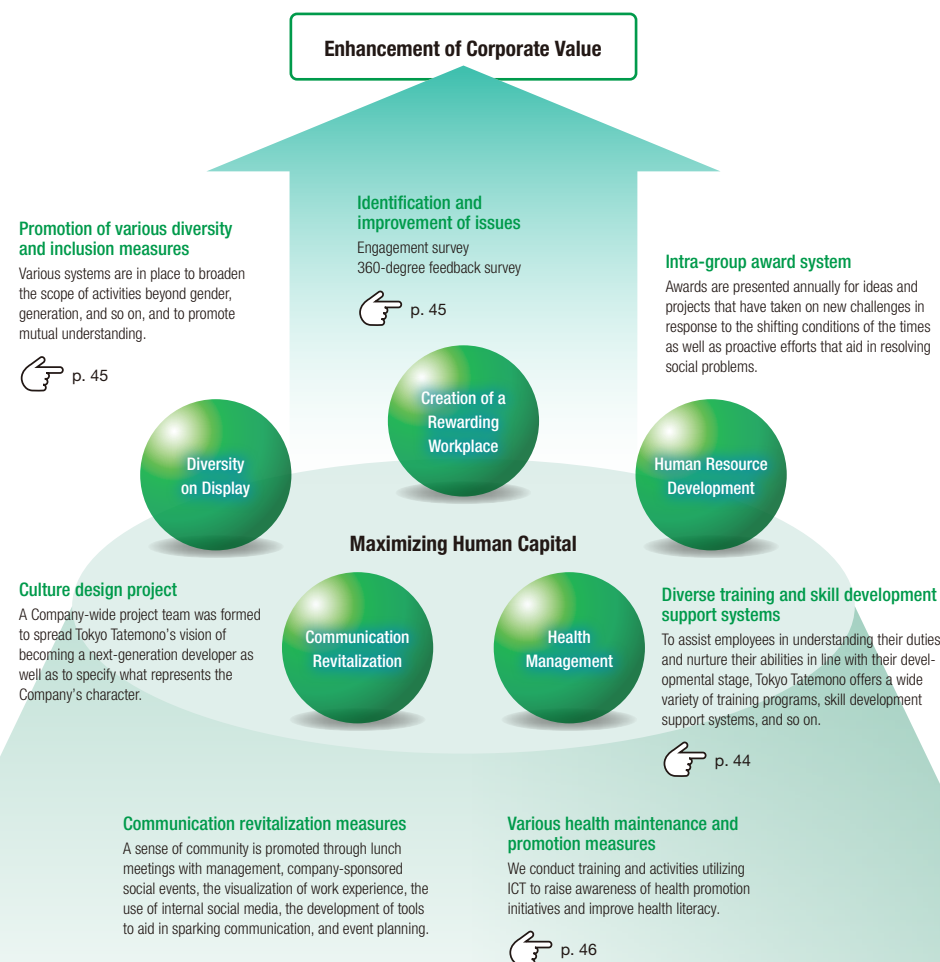


Human Resource System and Structure

Our HR management system consists mainly of three components: a role rating system, a management by objectives system, and a behavioral assessment system. We have also implemented a 360-degree feedback survey for some levels of management to give managers a chance to take stock of their own performance as well as put in place measures that facilitate opportunities for employee growth. Although Tokyo Tatemono's organizational structure is based on business divisions, we manage personnel functions on a Group-wide basis, and have in place a system to flexibly allocate the right people to the right jobs.

Positioning of Various Measures to Maximize Human Capital

We have put numerous strategies into place from the following perspectives in order to maximize human capital for the long-term growth of corporate value. Each of these measures, in our opinion, is interconnected, and when they all operate together, they free up highly driven individuals to work independently and serve as engines for the organization's expansion.



Human Resources Strategy

Main HR-related KPIs, Targets, and Performance Trends

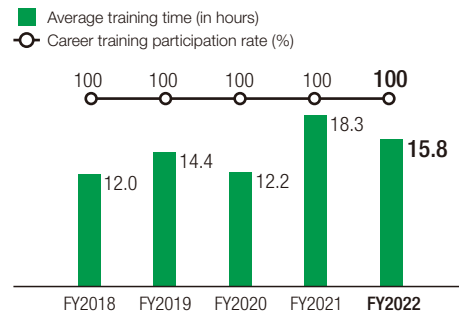
For detailed notes and information on the established KPIs and targets, see p.37 KPIs and targets based on our material issues. For detailed information and notes for each item, please refer to the Data section of the Sustainability Report.

Material Issue KPIs and Targets p. 37

(Sustainability Report 2023) Data (Social) pp. 88-91

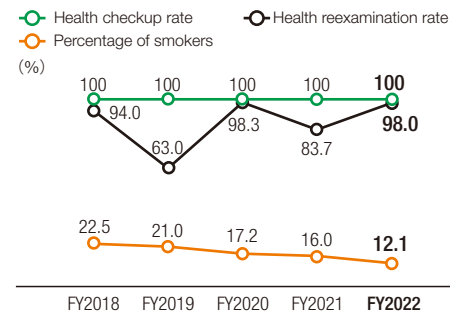
Promotion of Skills Development

Target: Average training time per employee:
15 hours or more each fiscal year
Career training participation rate: 100% each
fiscal year



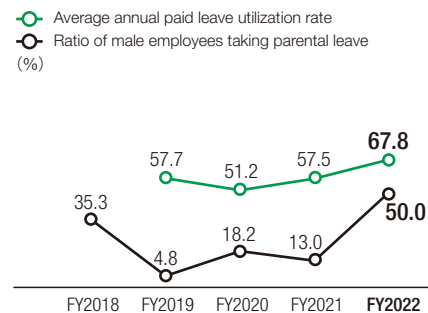
Promotion of Health Management

Target: Health checkup rate and follow-up test rate:
100% each fiscal year
Smoking rates: 12% or less each fiscal year



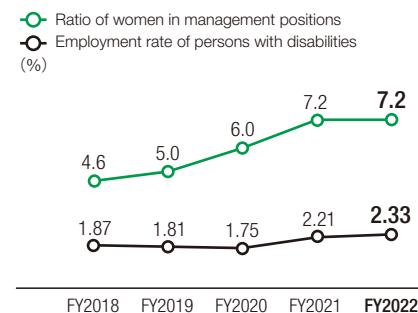
Work-life Balance

Target: Average annual paid leave utilization rate:
70% or more each fiscal year
Ratio of male employees taking parental leave:
30% or more by FY2025



Promotion of Diversity in Our Workforce

Target: Ratio of women in management positions:
10% or more by FY2030
Employment rate of people with disabilities:
2.3% or more each fiscal year



Human Resource Development and Environmental Improvement Initiatives

Training System and Encouragement to Earn Qualifications

Tokyo Tatemono has designed a rank-based training system with the goal of identifying responsibilities and honing abilities in line with each employee's stage of development. We also rotate our employees between three departments during the course of their first ten years with the Company in order to provide them a broad perspective and experience. In addition, we are concentrating on encouraging a culture of self-directed learning among employees through the creation of a system that enables them to consider and select the knowledge and skills they need through a self-development support system, various qualification acquisition support systems, and externally dispatched training programs.

(Sustainability Report 2023) Human Resource Investment and Development pp. 62-64

	Level-Specific Training	Other training and support
Executives		
General Managers	Mandatory training for new employees during which skills and conduct expected by the Company are reiterated.	Selective training in coaching, leadership, design thinking, breakthroughs, and other skills development required for different management levels.
Group Leaders		
Managers		
Assistant Managers		
Senior Employees	Training that contributes to the acquisition of basic financial knowledge and strengthening of output capabilities, etc.	Holders of major certification types* Real Estate Broker: 687 Real Estate Appraiser: 19 First-Class Architect: 89 Urban Renewal Planner: 87 Association for Real Estate Securitization (ARES) Certified Master: 66 * Figures for the company alone as of March 31, 2023 Includes employees seconded from Tokyo Tatemono to outside positions
New Employees	Acquisition of basic knowledge of real estate and the Company Training that contributes to the acquisition of logical thinking, etc.	

A Word from Employees



Personnel Department
Yohei Echigoya
(Joined in 2007)

Employee autonomy is crucial for businesses to respond swiftly and flexibly to environmental changes in the uncertain future we live in today. We have built a business skill development training system with a primary goal of improving employees' autonomy in question-setting, speedy path-finding, and execution in collaboration with various human resources.

We are rigorously examining human resource development that adds to the ideal image of our human resources in addition to our efforts in human capital management.



Property Management (1)
Department
Mio Takahashi
(Joined in 2021)

I worked hard to study the business when I first started at the Company, and, with the help of numerous training programs and the direction of my seniors, I was eventually able to do my work in my own way. I believe that using logic and improving my output are essential for this. In order to do my work, it is crucial to involve all parties, both inside and outside the organization, and to carry out my own ideas.

My objective is to grow so that I can earn the trust of clients.

Human Resources Strategy

Employee Engagement

Tokyo Tatemono conducts periodic surveys of its employees regarding job satisfaction while continuously working to create a rewarding workplace. To gauge the level of connection that employees feel toward the Company, we have been engaging an outside organization to conduct Company-wide employee engagement surveys since 2021. The survey findings are shared with management and staff along with explanations of the rationale behind each questions and how to interpret the results so that they can be used to facilitate future improvements.

Division and branch managers create solutions for problems within their specific areas with the help of specialists as required. They then communicate and submit these solutions to division personnel and the Personnel Department, creating a problem-solving cycle.

Changes in Engagement Scores

Item	21/12	22/06	23/03
Rating*	A	A	AA
Score	59.1	59.4	62.1

Note: The scores, which are calculated independently by the survey company, are ranked using a 11-stage rating scale.
Ratings: DD (score below 33), DDD (33–39), C (39–42), CC (42–45), CCC (45–48), B (48–52), BB (52–55), BBB (55–58), A (58–61), AA (61–67), AAA (67 and over)

Principal Issue Identified and Its Solution

Identified Issue

Need to improve vertical communication within the Company

Actions for Improvement

In recognition of the need for establishing and improving the strength of ties between hierarchical positions within our organization, we are implementing various communication revitalization strategies while extending the scope of the 360-degree feedback survey to all general and senior managers. The engagement survey will continue to be conducted twice a year to track progress.

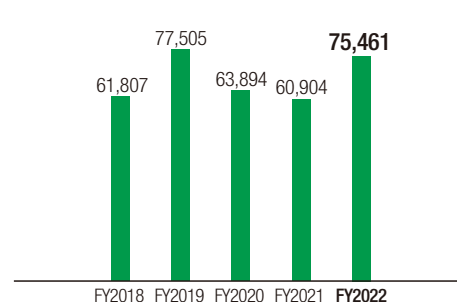
Investment in Human Resources

Tokyo Tatemono provides and continually expands the scope of its essential training programs, which are designed to foster the development of an environment in which each employee is able to learn necessary skills and fully express their unique abilities.

By continually tracking how our investment in human resources helps increase productivity we are able to create ever more effective human resource investment measures.

Amount of Investment in Human Resources*

(Thousand yen)



* Total of expenses related to training conducted by the Company's Personnel Department as well as to supporting the Company's employees in acquiring qualifications and self-edification

Diversity & Inclusion

Diversity & inclusion has been identified as one of our material issues and, to this end, we have set the following targets: a ratio of male employees taking parental leave of 30% or more by FY 2025; a ratio of women in management positions of 10% or more by FY 2030; and an employment rate of persons with disabilities of 2.3% or more each fiscal year. To ensure that everyone feels a sense of fulfillment at work, we are fostering an environment in which diverse human resources can concentrate on their tasks and participate actively without feeling hindered. We will continue offering services that address the increasingly complex and varied needs of our clients through the active engagement of our diversified staff.

Recruitment Activities

- Recruiting without regard to race or nationality
- Employing human resources of various nationalities at the local subsidiaries of overseas businesses

Creating a Workplace Where Diverse Human Resources Can Thrive

- Established leave systems that all employees, regardless of gender, can utilize for long-term care, childbirth, pregnancy, and childcare, and established a re-employment system for former employees.
- Established a system to permit employees whose spouses have been sent abroad to take a leave of absence of up to three years.
- Promotion of senior human resources to allow them to make use of the experience and knowledge gained in their careers thus far.
- Fostering the success of individuals with disabilities by allowing them to work in accordance with their skills and traits.

A Word from Employees



Acquisitions Department
Hayato Isoda
(Joined in 2015)

I took about two months of childcare leave after the birth of our first child to ease the burden on my wife after the birth. The opportunity I had to witness my child's development up close made me really happy, despite the fact that I was a little overwhelmed by this new experience. I now have a better appreciation of those who are juggling work and childcare after taking my own childcare break. This experience also made me aware of the necessity of creating a structure that permits flexible working hours and a workplace that respects and supports each employee's circumstances.



Business Planning Department
Haruna Nakagami
(Joined in 2007)

The friendliness of the staff influenced my decision to join the organization when I was job hunting. The Company has not only recently introduced a flexible work system that allows employees to work from home and make use of the flextime system, but it has also fostered a culture in which employees who work and raise children are supported by the team members who work alongside them.

I confer with my boss and coworkers on how we can work better together and then use the appropriate systems to that end.

The Company has high expectations for its employees, regardless of age or gender, and helps us achieve our full potential.

Human Resources Strategy

Health Management / Occupational Safety and Health

Health Management Policy and Approach

To enable our executives and employees to work vigorously and remain physically and mentally healthy, the Tokyo Tatemono Group has designated the president as the Chief Health Officer (CHO) and is working to maintain and improve the health of each of its executives and employees in accordance with the Group Health Management Declaration. As for our supply chain, we promote initiatives to maintain and improve the health of our suppliers through sound labor practices and healthy working environments, based on our Sustainable Procurement Standards.

 (Sustainability Report 2023) Health Management / Occupational Safety and Health pp. 65-69

Tokyo Tatemono Group Health Management Declaration

Tokyo Tatemono's corporate philosophy, "Trust beyond the era," encompasses our will to strive for the growth of the Company and the creation of a prosperous society, taking pride in the trust placed in us that extends over a century.

To embody this corporate philosophy, we believe that supporting the health of our executives and employees as well as their families is vital.

We see the mental and physical health of executives and employees as the primary source of sustainable corporate growth and actively promote activities for each and every person to maintain and improve their health.

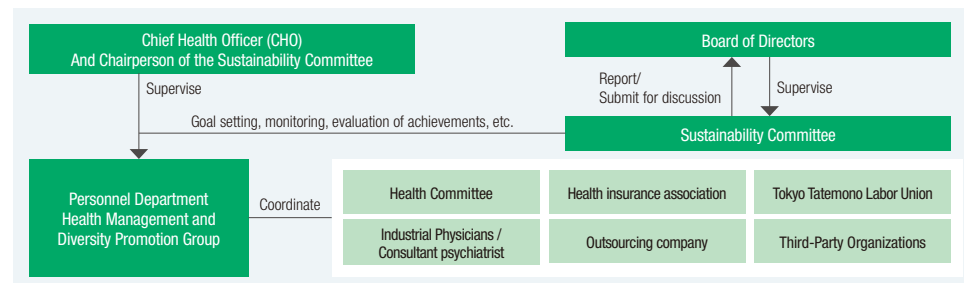
As the Chief Health Officer, I will work to make the environment more conducive to achieving this, and I promise that our organization will pursue health management as a whole.

Hitoshi Nomura
Representative Director
President and Chief Executive Officer
Tokyo Tatemono Co., Ltd.

Health Management Promotion System

Tokyo Tatemono established the Health Committee, which consists of representatives from the Personnel Department and each office or location along with industrial physicians. The Health Committee generally convenes once a month for the purpose of improving standards of occupational health in the workplace and encouraging officers and employees to maintain and improve their health. The Sustainability Committee, which is chaired by the president, sets occupational health- and health-related targets for each fiscal year, monitors progress toward and evaluates the achievement of these targets, and reports important matters to the Board of Directors.

Health Management Promotion System



Major Health Management-related Initiatives

We introduced fresh ICT-based health management initiatives in fiscal 2022, such as web-based dental check-ups and walking events utilizing smartphone applications, as well as promoted the development of an environment in which executives and employees can continue to work in good health, even amid the COVID-19 pandemic. Also, we put an emphasis on raising health literacy, for instance, offering training in the improvement of women's health. Our objective is to have employees better understand their own health as well as the health challenges their coworkers may be facing and thereby foster a supportive work environment.

In addition, due to anti-smoking initiatives that started in 2019, such as a complete ban on smoking during work hours and smoking cessation treatment assistance through collaboration with health insurance unions, the percentage of smokers in the Company in fiscal 2022 decreased to 12.1% (fiscal 2019 percentage of smokers: 21.0%).

A Word from Management

We see the wellbeing of our executives and workers as the cornerstone of the Company's growth. We actively use ICT to improve health literacy in a fun way, thereby encouraging behavioral change and supporting the continued vigor of our organizations. We will accept the challenge of helping to realize wellbeing, which is one of our material concerns and is also being introduced in the Yaesu Project's product planning.



Hiroko Iida
Personnel Department
Health Management &
Diversity Promotion Group

Third-party Evaluation of Health Management

Tokyo Tatemono and six group companies were certified as Excellent Health Management Corporations 2023, marking the sixth time in three consecutive years that Tokyo Tatemono has been recognized as one of the "White 500" (the top 500 corporations in the health management survey results).



Occupational Health and Safety Initiatives

We are supporting a variety of activities aimed at enhancing the occupational safety of our employees in order to fulfill the objective of guaranteeing the comfortable working environment mandated by the Tokyo Tatemono Group Compliance Manual. Also, management and labor are collaborating to enhance the workplace. In order to create a suitable working environment and working conditions, labor and management engage in extensive discussions based on the shared understanding that employee health and safety are crucial.

Social Initiatives

Human Rights and Supply Chain Initiatives

The Tokyo Tatemono Group firmly believes in the importance of upholding the human rights of every stakeholder involved in our business, and we do so as the cornerstone of all of our commercial endeavors.

Based on the realization that the entire supply chain needs to be included in sustainable procurement that addresses issues ranging from environmental conservation to respect for human rights, we are working on the management of the entire supply chain.

Promotion System

The Personnel Department is a key player in the Group's efforts to uphold human rights, and it engages with outside experts and other related departments and Group enterprises to provide a framework for such activities. Meanwhile, the Sustainability Committee, a group directly under the president's jurisdiction and overseen by the Board of Directors, meets to debate and disseminate updates on human rights-related concerns and risks.

The Sustainability Committee formed the Human Rights Subcommittee in January 2023 as a subordinate entity to carry out human rights due diligence and other duties while promoting actions connected with respect for human rights within the Group.

Supply Chain Management

The Tokyo Tatemono Group collaborates with construction companies, design companies, and many other business partners to promote its business. We believe that it is essential to establish a sustainable supply chain, as each of our business partners, as well as the Group, has an impact on the environment and society, including via the procurement of materials and employment associated with construction.

Sustainable Procurement Standards

In May 2021, the Group formulated Sustainable Procurement Standards for all vendors working with the Group's operations. We sent out notifications to our major business partners requesting that they promote their businesses based on these procurement standards. To determine the status of awareness and compliance, we conducted a survey in March 2023 and provided feedback on the results.

We also provided training to all of our employees in fiscal 2022 with the goal of promoting the understanding and application of these procurement standards. We will work to make sure these procurement standards are followed in all of our business endeavors while also broadening the pool of vendors covered.



(Sustainability Report 2023) Supply Chain Management pp. 51-52

Human Rights Initiative

We created the Tokyo Tatemono Group Human Rights Policy based on the United Nations Guiding Principles on Business and Human Rights to reinforce our efforts in this area. Under this policy, we strive to detect, minimize, correct, and remedy any human rights violations in our business in line with our strong commitment to respecting the human rights of all parties involved.

In addition, we have joined the UNGC, and our company is listed as a participating business and a part of the Global Compact Network Japan, which is made up of businesses from Japan and other nations that have signed the UNGC.



(Sustainability Report 2023) Respect for Human Rights pp. 47-50

Initiatives for Human Rights Due Diligence

The Tokyo Tatemono Group has been working to establish a human rights due diligence process. In May 2022, the Sustainability Committee discussed and identified human rights issues that the Tokyo Tatemono Group will prioritize. Based on the priority issues identified, throughout our business we are working to understand the current status regarding human rights issues, which vary between business fields and countries or regions. We will take appropriate action should we identify any problems. In particular, we are considering expanding the scope of our human rights assessments in our international activities, and we are making some progress in developing human rights checklists for new projects.

Human Rights Priority Issues

- | | | |
|--------------------------------|---|---|
| • Forced labor and child labor | • Discrimination and harassment | • Supplier working conditions and working environment |
| • Impact on local communities | • Employee working conditions and working environment | • Right to privacy |
| • Health and safety | | |

Participation in Human Rights Due Diligence Promotion Council for Construction and Real Estate Sector

We are participating in a human rights due diligence study group involving eight construction and real estate companies. This study group conducts research and studies aimed at identifying and addressing industry-specific human rights impacts.

Initiatives to Make Policy Known Company-wide

The Company conducts regular training on human rights. In 2022, we held mandatory training for all employees to improve basic understanding of human rights fundamentals and of basic areas such as the Tokyo Tatemono Group Human Rights Policy. The training also updated employees on the Group's latest human rights initiatives (participation rate: 93.2%). The 2022 human rights training was also extended to all 21 Group companies covered by the Tokyo Tatemono Group Human Rights Policy, with all Group company employees also attending the training (participation rate: 86.9%).

The Tokyo Tatemono Group's Compliance Codes of Conduct also stipulate "respect for human rights, prohibition of discrimination and harassment," and "ensuring a comfortable work environment." We also use compliance training for employees and managers to ensure thorough awareness of compliance.

External Directors Roundtable

Improving the process for discussing medium- and long-term issues to further enhance the effectiveness of the Board of Directors

How can the Tokyo Tatemono Group further improve the effectiveness of its Board of Directors? Four external directors discussed their efforts over the past year toward this goal as well as their outlook for the future.

External Director	External Director	External Director	External Director
Shuichi Hattori	Yumiko Kinoshita	Yoshimitsu Onji	Takeo Nakano



1. Improving the process by which medium- and long-term issues are discussed

Hattori : It has been eight years since I assumed the post of external officer. Over the past few years, I have noticed the scope of deliberations has widened to include such topics as management policies and plans, ESG, SDGs, compliance, and internal controls.

When I took my position, the main role of the Board of Directors was approving resolutions stipulated by the Companies Act. Today, however, a variety of opinions are

exchanged and discussions are held from a medium- to long-term perspective.

Nakano : The proceedings of Tokyo Tatemono's Board of Directors are meticulously overseen by the chairperson within a comfortable atmosphere that easily facilitates discussion. Over the past year, we have been able to give particular attention to advances in risk management in our discussions, fundamentally reviewing the system and creating a new framework, while also engaging in lively debate from a medium- to long-term perspective.

Improvements can also be seen in the discussion process. Issues requiring the Board of Directors attention and needing

to be addressed from a long-term perspective may undergo many rounds of internal discussion in order to take into account such macroeconomic aspects as environmental changes. In the past, such issues were often brought before the Board of Directors at a slightly later stage accompanied by a near-conclusive proposal. However, a process in which the Board discusses even drafts of proposals from the initial stage is now being implemented. After gathering various opinions, the Board begins working to identify and resolve issues. The annual review of the medium-term business plan is one such example of how the process has been improved. Even for such matters as the medium-term business plan, which has

External Directors Roundtable

many points of contention that are difficult to resolve, the Board of Directors can get an idea of issues within a big picture context early on in the process by sharing information from the plan's initial stages. As a result, discussion quality has improved, with the Board of Directors able to gain a solid understanding of specific issues and then discuss how the Company should proceed in the current year.

These improvements and opinions from external directors have rendered the agenda, structure, and discussion process at Board of Directors meetings more effective than in the past.

Kinoshita : From the perspective of improving effectiveness, the explanations provided to external directors in advance of meetings have begun going into much greater detail compared with last year, enabling us to participate in discussions with a deeper understanding of the issues. Although the role of an external director is to monitor the executives, another aspect of our position is providing knowledge that those executives can utilize. I also appreciate the improvement of the pre-board meeting process because it has created an environment in which the opinions of people with diverse experiences are



more deeply incorporated into discussions.

Onji : I have held the position of external director for five years now. At the time of my appointment, board meetings focused on individual projects in which a lot had been invested or that had lengthy timetables. Over the past few years, however, discussions on medium- to long-term issues have become more frequent. Although it may be a bit too soon to declare it perfect, the effectiveness of the Board of Directors is improving year by year.

The issue right now is that individual investment projects, such as the Residential Business and large-scale development projects, still account for a considerable percentage of the agenda.

In the future, I believe that internal directors will step away from their formal roles more often and engage in exchanges of opinion on long-term issues and policies simply as board members. This is where the next step toward improvement lies.

2. Controlling risk by considering the nature of the business portfolio and investment strategy

Onji : The basic policy of Tokyo Tatemono's business portfolio should be discussed further in order to realize the Company's ideal vision of the future. In a nutshell, the real estate business isn't uniform in nature due to differences in such factors as scale, business period, and asset type. For a number of real estate properties, risk needs to be mitigated through systematic investments in line with a basic policy covering when and how much to invest as well as business portfolio formation. I look forward to further discussion on this basic policy and to hearing the opinions of various executives from the viewpoint of real estate professionals.

Hattori : In terms of risk, on top of the Risk Management Committee's establishment in the previous year, discussions have been expanded to include future risks based on such



criteria such as impact and likelihood of occurrence. I look forward to more in-depth discussions from a long-term perspective.

Nakano : From the perspective of the Company's business model, I also believe that it is important to take a medium- to long-term perspective, rather than pursuing short-term gains.

Profitability is, of course, essential from the point of view of increasing earnings for shareholders and enhancing corporate value. In addition to this, earnings stability and the diversity of revenue sources are also important, and it is necessary to examine how these should be enhanced.

Onji : Having participated in several meetings with investors, I got a real sense of just how interested they are in increasing corporate value. In this regard, I feel it necessary to align our business strategy and IR strategy as well as to pursue joint discussions on raising corporate value.

Nakano : Basing decision-making for future investments on a medium- to long-term perspective of the world's trends is very important, as is considering how to build a highly profitable business portfolio that maintains stability and diversity.

With regard to the next medium-term business plan that we will be discussing, I would like to provide advice on proposals made by the executives, drawing on my managerial experience of formulating a considerable number of business plans. I

External Directors Roundtable

hope the formulation of the Company's future structure will reflect a process wherein external directors provide opinions from a multifaceted perspective and engage in detailed discussions with the executives.

Kinoshita : I believe that the upcoming process of formulating the next medium-term business plan will, in and of itself, be a very good opportunity to deepen our common understanding of the criteria for future investments. Using the medium-term business plan's annual review as a basis, I would like to continue discussing areas that will need strengthening in the future and issues not currently being addressed in order to further invigorate the Board of Directors and realize continued improvements.

3. Further promoting sustainability management

Kinoshita : In terms of sustainability management, it seems that across the industry, every company is currently trying to



find ways to stand out from the pack, which is something Tokyo Tatemono is also beginning to work toward.

Onji : As is the case with all companies, diversity, including the advancement of women in the workplace, is essential to the goal of standing out among the others. A free and vigorous exchange of opinions among diverse human resources will lead to an increase in Tokyo Tatemono's corporate value by facilitating the further elevation of existing businesses like its Brillia brand.

Nakano : In addition to diversity, for Tokyo Tatemono to sustainably increase its corporate value, it is vital that the Company strengthen measures to secure and nurture trustworthy employees with expertise and an ambitious spirit. The premise of such measures is to further solidify the Company's corporate culture. We are aware that the Board of Directors has not yet been able to engage in in-depth discussions of personnel policies that will lead to medium- to long-term growth.

Kinoshita : I also feel that among the Company's management resources—namely, people, goods, money, and information—people will gradually take on more importance. I have been made aware of the rising number of mid-career hires and female employees in recent years. This year, if the opportunity presents itself, I would like to visit work sites and make proposals based on my own experience so that these employees can play a more active role with a sense of belonging. Entering into new business ventures and achieving sustainable growth without the backing of a rich and varied array of human capital, both in terms of quality and quantity, would be difficult. Therefore, during discussions for the next medium-term management plan, I would like that perspective of human resource management to be reflected.

Hattori : In terms of management quality, with the environment surrounding companies drastically and rapidly changing, there is high demand for human resources capable of collecting and analyzing information on geopolitical, economic, and social conditions as well as management capable of making



appropriate decisions based on this information. Businesses must be managed with an awareness of social demands.

At the same time, it is necessary to nurture human resources capable of making full use of their talents by providing opportunities for them to gain experience in management.

Nakano : From an independent and objective standpoint, external directors must speak to executives with a solid understanding of how the Company is viewed not only by shareholders, but also by society, the community, employees, and various other stakeholders.

With this in mind, as an external director, I will continue to make suggestions from a medium- to long-term perspective based on my career up to this point and the experience I have cultivated, which I believe will contribute to the sustainable growth of the Company and the realization of sustainable management.

Corporate Governance

The Tokyo Tatemono Group's Corporate Governance

Policy and Concept

Based on our corporate philosophy of "Trust beyond the era," Tokyo Tatemono is striving to build optimal corporate governance, with the primary aim of enhancing efficiency while ensuring the soundness and transparency of management, in order to achieve sustainable growth and increase corporate value over the longer term. In addition, we actively and appropriately disclose information to ensure that shareholders and other stakeholders are able to gain an accurate understanding of the company's business activities.

We have also identified the advancement of governance as a material issue to achieve the Group's long-term vision. We are promoting measures to improve profitability and the objectivity of management, such as further enhancing the governance framework, in order to achieve the vision.

Structure

Tokyo Tatemono has selected a Company with Audit & Supervisory Board format as its corporate management system. In addition, we have established a Board of Directors, an Audit and Supervisory Board, and a Nomination and Remuneration Advisory Committee, which acts as an advisory body to the Board of Directors. Our executive officer system clarifies the separation of functions between management and business execution.

Furthermore, we appoint external directors and external Audit & Supervisory Board members who help us operate under stronger management supervision and ensure transparency. This system ensures effective supervision and supervisory functions with regard to management and also to business execution by directors of the Company.

Regarding Group governance, to heighten the efficiency of Group management and achieve synergies among all members, we also make a contractual agreement with each Group company based on the Group Business Management Standards. By setting out and informing each company of conditions such as items subject to prior approval and items to be reported to the Company, we are working to reinforce Group headquarters functions and clarifying our engagement guidelines with each Group company.

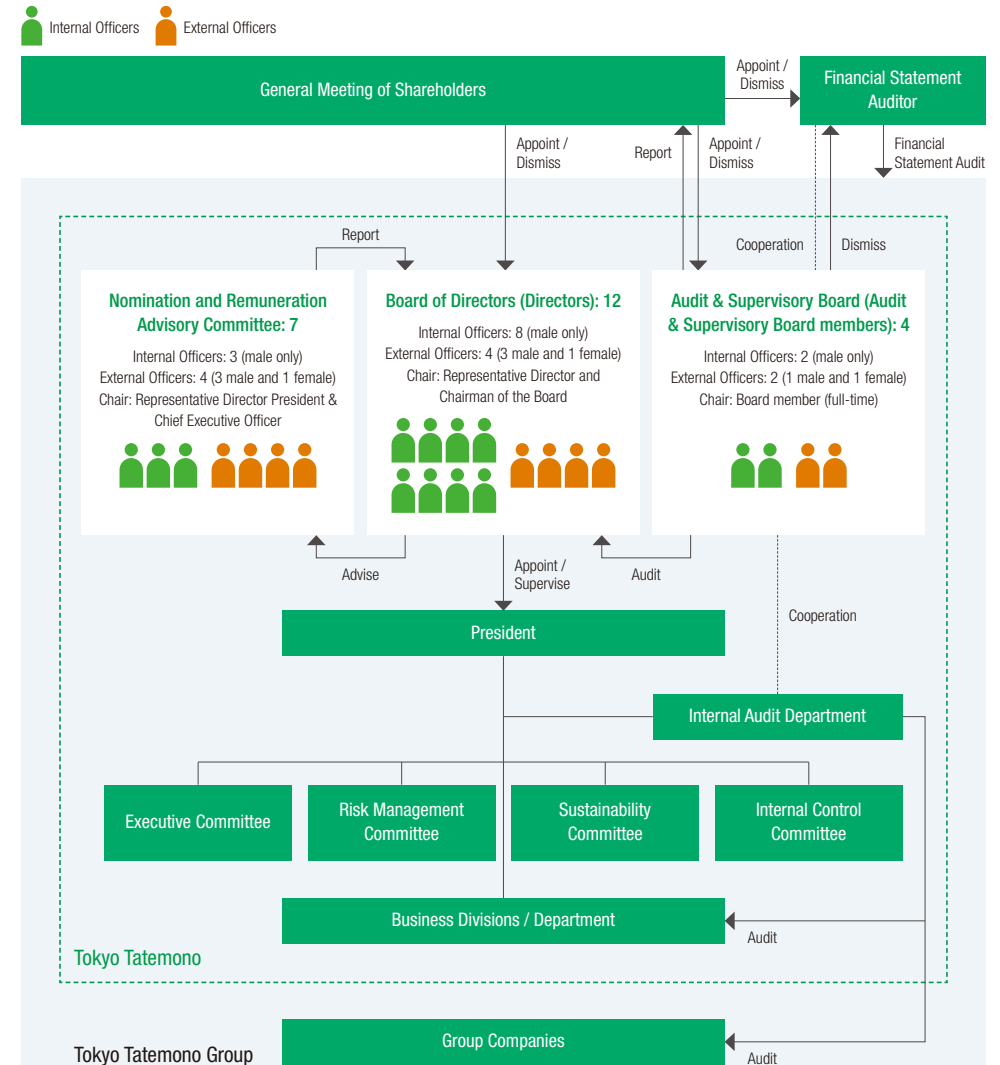
Characteristics

The characteristics of corporate governance at Tokyo Tatemono are as follows.

- It is a Company with Audit & Supervisory Board
- The Chair of the Board of Directors is a non-executive officer
- It has a Nomination and Remuneration Advisory Committee
- Four of its 12 directors are independent external directors
- It has an Internal Control Committee, a Risk Management Committee and a Sustainability Committee

Corporate Governance Structure

Corporate Governance Structure



Corporate Governance

Main Organizational Structures and Roles

■ Board of Directors (Number of Meetings in FY2022: 14)

The Board of Directors is chaired by the representative director and chairman of the Board who is not a managing officer and comprises 12 directors, four of whom are external directors. The board resolves key matters related to business execution, namely, management policies and the policy on acquiring large-scale investment projects, and supervises the business execution of directors. As a general rule, the Board of Directors holds ordinary meetings once a month and extraordinary meetings as needed.

In addition, Audit & Supervisory Board members attend Board of Directors meetings and offer opinions as needed.

■ Audit & Supervisory Board (Number of Meetings in FY2022: 14)

The Audit & Supervisory Board comprises four Audit & Supervisory Board members, two of whom are external Audit & Supervisory Board members. A full-time Audit & Supervisory Board member chairs the board, and the board receives reports on key matters related to audits, hold discussions, and makes resolutions. Audit & Supervisory Board members attend Board of Directors meetings and Executive Committee meetings, offer opinions as needed, regularly receive reports from financial statement auditors, departments, and other bodies, and occasionally exchange opinions and information with various parties. In addition, there are no particular conflicts of interest between the Company and external Audit & Supervisory Board members.

■ Nomination and Remuneration Advisory Committee (Number of Meetings in FY2022: 4)

The Nomination and Remuneration Advisory Committee was established as an advisory body for the Board of Directors to deliberate such matters as the remuneration of directors and the selection and dismissal of director candidates and the representative director. Committee members are selected from among directors, and the Representative Director President and Chief Executive Officer serves as chair. In addition, the committee utilizes the expertise and advice of external directors. To ensure the objectivity and transparency of proceedings, the total number of members is limited to seven and the majority must be external directors.

■ Executive Committee (Number of Meetings in FY2022: 41)

The Executive Committee is chaired by the Representative Director President and Chief Executive Officer, comprises mainly executive officers concurrently serving as directors, and deliberates key matters related to the management of the Company, subsidiaries, and associates. In addition, full-time Audit & Supervisory Board members attend committee meetings and offer opinions as needed.

■ Internal Control Committee

The Internal Control Committee strives to evaluate, improve, and enhance the internal control systems of the Group. The Committee is chaired by the Representative Director President and Chief Executive Officer and comprises mainly the Chairman of the Board and officers of the Corporate Planning Department. In addition, full-time Audit & Supervisory Board members attend committee meetings and offer opinions as needed.

■ Risk Management Committee (Number of Meetings in FY2022: 1)*

The Risk Management Committee controls risk management and compliance for the Group. The committee is chaired by the Representative Director President and Chief Executive Officer and comprises mainly the Chairman of the Board, division directors, vice division directors, officers of the Corporate Planning Department, and general managers of the corporate departments. In addition, full-time Audit & Supervisory Board members attend committee meetings and offer opinions as needed. Matters deliberated by and reported to the committee are reported to the Board of Directors, and matters corresponding to agenda items for Board of Directors meetings are added to the agenda as needed.



Risk Management Initiatives p. 59

■ Sustainability Committee (Number of Meetings in FY2022: 7)

The Sustainability Committee is chaired by the Representative Director President and Chief Executive Officer, comprises mainly executive officers concurrently serving as directors, and promotes sustainability measures all across the Group. Moreover, matters deliberated by the Board of Directors, who act as a supervising body.



A Sophisticated Approach to ESG Management p. 35

*Established in December 2022

Selection and Nomination of Audit & Supervisory Board Members

Policies and Term Periods

The Company comprehensively assesses candidates' character, abilities, expertise, experience, and other factors and then nominates people who possess qualities that help enhance the Group's medium- to long-term corporate value as candidates for directors and Audit & Supervisory Board members. The lengths of the terms directors and Audit & Supervisory Board members serve have been set in the Articles of Incorporation at two years for directors and four years for Audit & Supervisory Board members.

With regard to nominations, to ensure an appropriate level of engagement with external directors, the Board of Directors reaches its resolutions regarding nominations once it has received the results of deliberations by the Nomination and Remuneration Advisory Committee, a majority of which comprises external directors.

Criteria for the Independence of Independent External Directors

Tokyo Tatemono deems external directors to be independent when, in addition to meeting the criteria for independence stipulated by Tokyo Stock Exchange,* they do not fall under any of the categories shown below:

1. A business partner of Tokyo Tatemono that accounts for 2% or more of the Company's consolidated net sales in the most recent fiscal year or a person executing business on behalf of such partner
2. A shareholder of the Company that holds more than 10% of the total number of voting rights of the Company or a person executing business on behalf of such shareholder
3. A representative, member, or employee of an auditing firm employed as the financial statement auditor for the Company
4. A consultant, accounting professional, or legal professional who has received remuneration (excluding director remuneration) of more than 10 million yen from the Company in the most recent fiscal year

* From Tokyo Stock Exchange standards: Guidelines III 5, (3) 2 relating to the listing management, etc. Rule 436-2: Examination to ensure effectiveness.

Corporate Governance

Status of External Officers (As of March 31, 2023)

Significant Concurrent Positions Outside the Company and Reasons for Selection

Title	Name	Concurrent Workplace	Concurrent Title	Reasons for Appointment
Director	Shuichi Hattori	Hattori General Law Firm	Lawyer	Mr. Shuichi Hattori was appointed as an external director with the expectation that he will leverage his expertise and experience to help strengthen the governance system, including overseeing the execution of the duties of directors from an independent point of view.
Director	Yoshimitsu Onji	OZ Corporation	CEO	Mr. Yoshimitsu Onji was appointed as an external director with the expectation that he will leverage his wealth of experience and wide-ranging insight to help strengthen the governance system, including overseeing the execution of the duties of directors from an independent point of view.
		NIHON CHOUZAI Co., Ltd.	External Director	
		United Foods International Co., Ltd.	External Audit & Supervisory Board Member	
		Sotetsu Holdings Co., Ltd.	External Director	
		Sanyu Appraisal Corporation	External Director	
Director	Takeo Nakano	FUJIYA CO., LTD.	External Director	Mr. Takeo Nakano was appointed as an external director with the expectation that he will leverage his wealth of experience and wide-ranging insight to help strengthen the governance system, including overseeing the execution of the duties of directors from an independent point of view.
		Shouohkai Foundation	Chairman	
Director	Yumiko Kinoshita	—	—	Ms. Yumiko Kinoshita was appointed as an external director with the expectation that she will leverage the international experience she developed working overseas and her diverse business experience in public-trust corporations to help strengthen the governance system, including overseeing the execution of the duties of directors from an independent point of view.
Audit & Supervisory Board member	Takao Yamaguchi	Yamaguchi Certified Public Accountant Office	Certified Public Accountant	Mr. Takao Yamaguchi was appointed as an external Audit & Supervisory Board member because we expect him to leverage his expertise and experience as a certified public accountant in the Company's audit operations from an independent point of view.
		KYORIN Holdings, Inc.	External Audit & Supervisory Board Member	
Audit & Supervisory Board member	Sayaka Hieda	OMOTESANDO SOGO LAW OFFICE	Lawyer	Ms. Sayaka Hieda was appointed as an external Audit & Supervisory Board member because we expect her to leverage her expertise and experience as a lawyer in the Company's audit operations from an independent point of view.
		Institution for a Global Society Corporation	External Audit & Supervisory Board Member	

Support System for External Directors and External Audit & Supervisory Board Members

The Corporate Planning Department provides explanations and information as necessary to support external directors. The Department also serves as secretariat for the Board of Directors. For the purpose of ensuring smooth proceedings and lively debate at Board Meetings, we conduct pre-meeting briefings for all external directors regarding Board Meeting agenda items. In addition, we strive to promote greater understanding of our business in part by regularly conducting property tours.

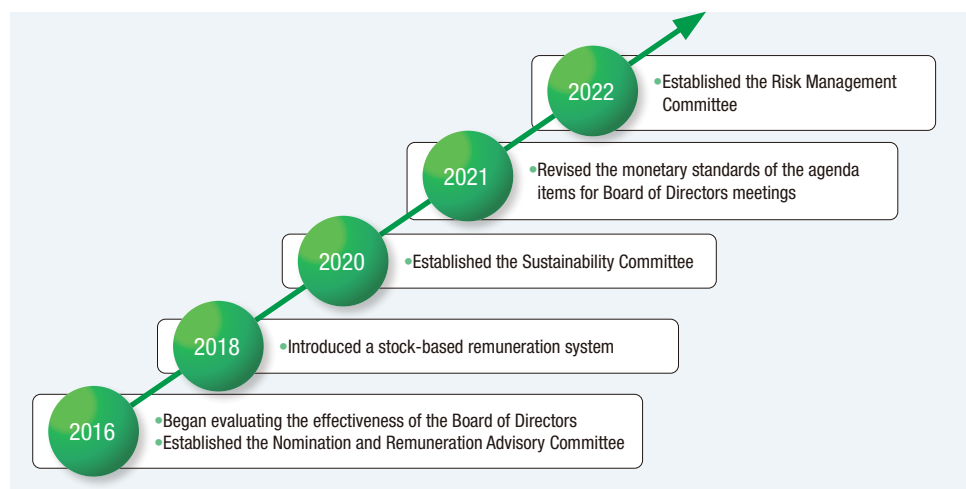
At the request of the Audit & Supervisory Board, we assign personnel to serve as staff for external board members to encourage the smooth execution of audit procedures. To enable full-time Audit & Supervisory Board members to acquire information needed to perform their duties, we have established a system that ensures they can attend Board of Directors and Executive Committee meetings, receive regular reports from financial statement auditors and various departments, and exchange opinions with these parties whenever necessary.

Corporate Governance

Status of Board of Directors

Timeline of Strengthening Functions at Board Meetings

Tokyo Tatemono has incrementally upgraded its governance structure to strengthen corporate governance functions. Going forward, we will continue promoting initiatives aimed at building optimal corporate governance.



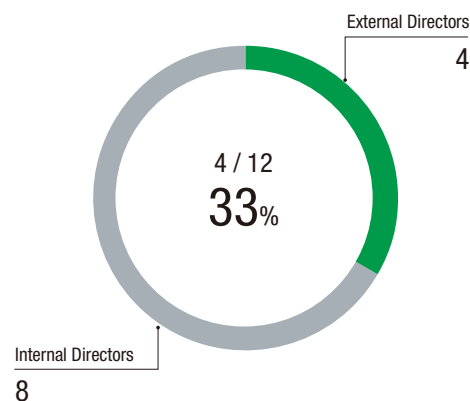
Policy on Skills of Directors

Regarding the implementation of management strategies, the Company's Board of Directors passes resolutions on key matters related to its business execution and needs to effectively oversee the execution of duties. With regard to the composition of the Board of Directors, we strive to maintain a balance of diversity in terms of knowledge, experience, skills, and other factors to ensure that discussions held at board meetings are useful and multifaceted. Also, to ensure its effective and efficient functioning, we maintain the Board of Directors at an appropriate level in terms of size. To facilitate the realization of materiality as well as the long-term vision and Medium-Term Business Plan the Company has set out, as detailed on the right we have established a set of skills (expertise and experience) that directors should possess to ensure that the Board of Directors functions more effectively.

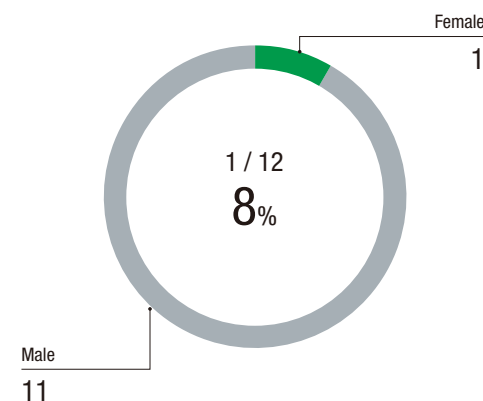
Board of Directors and Its Composition

The Board of Directors comprises 12 directors and held 14 meetings in 2022. (Average Board Meeting Attendance Rate: 99%)

Proportion of External Directors



Percentage of director positions held by women



Expertise and Experience of Directors (Skill Matrix)

Name	Position in the Company	Gender	Corporate Management	Finance and Accounting	Legal, Compliance and Risk Management	Sustainability	Real estate Business and Urban Development	Overseas Business	ICT and Digital	Human Resources and Human Resource Development
Makio Tanehashi	Representative director	Male	●	●			●	●		
Hitoshi Nomura	Representative director	Male	●	●	●		●			●
Katsuhito Ozawa	Representative director	Male	●	●		●	●	●	●	
Akira Izumi	Representative director	Male	●	●	●	●	●		●	●
Hideshi Akita	Director	Male				●	●			
Takeshi Jinbo	Director	Male				●	●			
Shinjiro Kobayashi	Director	Male				●	●			
Fumio Tajima	Director	Male		●				●		
Shuichi Hattori	Independent external director	Male		●	●					●
Yoshimitsu Onji	Independent external director	Male	●	●	●			●		
Takeo Nakano	Independent external director	Male	●	●	●					
Yumiko Kinoshita	Independent external director	Female			●			●		●

Corporate Governance

Management Structure (As of March 31, 2023)

Directors

Makio Tanehashi

Representative Director and Chairman of the Board



April 1979 Joined The Fuji Bank, Limited
March 2006 Executive Officer; General Manager of Internal Audit Division of Mizuho Corporate Bank, Ltd.
April 2008 Managing Executive Officer; Officer in charge of Sales of Mizuho Corporate Bank, Ltd.
June 2011 Deputy President & Executive Officer; in charge of Branches Department of Mizuho Bank, Ltd.
June 2011 Representative Director, Deputy President & Executive Officer, in charge of Branches Department of Mizuho Bank, Ltd.
March 2013 President & Chief Executive Officer of Tokyo Tatemono Real Estate Sales Co., Ltd.
July 2015 Senior Managing Executive Officer and Division Director of Real Estate Solution Service Division of the Company
March 2016 Senior Managing Executive Officer, Director; Division Director of Real Estate Solution Service Division; Division Director of International Business Division of the Company
January 2017 Representative Director, Chairman and Executive Officer of the Company; Director and Chairman of Tokyo Tatemono Real Estate Sales Co., Ltd.
March 2019 Representative Director and Chairman of the Board of the Company (to present)
January 2021 Director of Tokyo Tatemono Real Estate Sales Co., Ltd. (to present)
March 2023 External Director of Sapporo Holdings Limited. (to present)

Hitoshi Nomura

Representative Director
President and Chief Executive Officer

April 1981 Joined the Company
March 2005 General Manager of Property Management Department of the Company
March 2008 Director, General Manager of Property Planning Department of the Company
March 2011 Managing Director, Division Director of Commercial Properties Division responsible for Kansai Branch and Kyushu Branch of the Company
March 2013 Managing Executive Officer and Director; Division Director of Commercial Properties Division responsible for Kansai Branch, Sapporo Branch, Kyushu Branch, and Nagoya Branch of the Company
March 2015 Senior Managing Executive Officer and Director responsible for Personnel Department, Corporate Planning Department, and General Affairs Department of the Company
January 2017 President and Chief Executive Officer, Representative Director of the Company (to present)

Katsuhito Ozawa

Representative Director
Senior Managing Executive Officer

April 1987 Joined the Company
March 2007 General Manager of Residential Management Business Department of the Company
July 2009 Director and General Manager of Finance Department of Tokyo Realty Investment Management, Inc.
March 2015 Managing Officer and General Manager of Corporate Planning Department of the Company
January 2017 Managing Executive Officer; Division Director of International Business Division and Leisure Business Division responsible for Corporate Communications Department, Finance Department, Accounting Department, and Appraisal Department; General Manager of Finance Department and International Business Department of the Company
March 2017 Managing Executive Officer and Director; Division Director of International Business Division and Leisure Business Division responsible for Corporate Communications Department, Finance Department, Accounting Department, and Appraisal Department; General Manager of Finance Department and International Business Department of the Company
August 2017 Managing Executive Officer and Director; Division Director of International Business Division and Leisure Business Division responsible for Corporate Communications Department, Finance Department, Accounting Department, and Appraisal Department; General Manager of International Business Department of the Company
January 2019 Managing Executive Officer and Director; Division Director of International Business Division responsible for Corporate Communications Department, Finance Department, and Accounting Department; General Manager of International Business Department of the Company
January 2020 Managing Executive Officer and Director; Division Director of International Business Division responsible for Corporate Communications Department, Finance Department, and Accounting Department; General Manager of International Business Department of the Company
January 2021 Senior Managing Executive Officer and Director; Division Director of International Business Division; Division Director of Commercial Properties Division responsible for Acquisitions & Sales Department (joint responsibility), Kansai Branch, Sapporo Branch, Kyushu Branch, and Nagoya Branch of the Company
April 2021 Senior Managing Executive Officer and Director; Division Director of Commercial Properties Division responsible for Acquisitions & Sales Department (joint responsibility), Kansai Branch, Kyushu Branch, and Nagoya Branch of the Company
January 2022 Senior Managing Executive Officer and Director; Division Director of Commercial Properties Division responsible for International Business, Acquisitions & Sales Department (joint responsibility), Kansai Branch, Kyushu Branch, and Nagoya Branch of the Company
January 2023 Senior Managing Executive Officer and Representative Director; Division Director of Commercial Properties Division responsible for International Business, Acquisitions & Sales Department (joint responsibility), Kansai Branch, Kyushu Branch, and Nagoya Branch of the Company
March 2023 Senior Managing Executive Officer and Representative Director; Division Director of Commercial Properties Division responsible for Leisure and Child Care & Staffing Business, Acquisitions & Sales Department (joint responsibility), Kansai Branch, Kyushu Branch, and Nagoya Branch of the Company (to present)

Akira Izumi

Representative Director
Senior Managing Executive Officer

April 1987 Joined the Company
March 2009 General Manager of Retail Management Department of the Company
March 2015 Managing Officer and General Manager of Urban Development Department of the Company
January 2017 Managing Executive Officer responsible for Personnel Department, Corporate Planning Department, and General Affairs Department; General Manager of Corporate Planning Department of the Company
March 2017 Managing Executive Officer and Director responsible for Personnel Department, Corporate Planning Department, and General Affairs Department; General Manager of Corporate Planning Department of the Company
January 2019 Managing Executive Officer and Director responsible for Personnel Department, Corporate Planning Department, General Affairs Department, and Appraisal Department General Manager of Corporate Planning Department of the Company
July 2019 Managing Executive Officer and Director responsible for Personnel Department, Corporate Planning Department, General Affairs Department, and Market Research Department General Manager of Corporate Planning Department of the Company
January 2020 Managing Executive Officer and Director responsible for Personnel Department, Corporate Planning Department, General Affairs Department, Market Research Department, Solution Service Department (joint responsibility) and ICT and Digital Strategy Promotion Department of the Company
January 2021 Senior Managing Executive Officer and Director responsible for Corporate Communications Department, Personnel Department, Corporate Planning Department, General Affairs Department, Finance Department, Accounting Department, Market Research Department, ICT and Digital Strategy Promotion Department, and Acquisitions & Sales Department (joint responsibility) of the Company
January 2022 Senior Managing Executive Officer and Director responsible for Corporate Communications Department, Personnel Department, Corporate Planning Department, Sustainability Management Department, General Affairs Department, Finance Department, Accounting Department, Market and Policy Research Department, DX Promotion Department, and Acquisitions and Sales Department of the Company (joint responsibility)
January 2023 Senior Managing Executive Officer and Representative Director responsible for Corporate Communications Department, Personnel Department, Corporate Planning Department, Sustainability Management Department, General Affairs Department, Legal & Compliance Department, Finance Department, Accounting Department, Market and Policy Research Department, DX Promotion Department, and Acquisitions and Sales Department of the Company (joint responsibility) (to present)

Hideshi Akita

Senior Managing Executive Officer and Director



April 1987 Joined the Company
March 2006 General Manager of Residential Management Department of the Company
January 2016 Managing Officer and General Manager of Personnel Department of the Company
January 2017 Managing Officer and Vice Division Director of Residential Development Division of the Company
January 2019 Managing Executive Officer and Division Director of Residential Development Division of the Company
March 2019 Managing Executive Officer and Director; Division Director of Residential Development Division of the Company
January 2023 Managing Executive Officer and Director; Division Director of Residential Development Division; Division Director of Real Estate Solution Service Business Division of the Company (to present)

Takeshi Jinbo

Managing Executive Officer and Director



April 1988 Joined the Company
January 2015 General Manager of Acquisitions Department of the Company
January 2018 Managing Officer and General Manager of Acquisitions Department of the Company
January 2019 Managing Officer; Vice Division Director of Residential Development Division; General Manager of Acquisitions Department of the Company
January 2021 Managing Executive Officer; Vice Division Director of Residential Development Division responsible for Solution Service Department (joint responsibility), Acquisitions Department, and Project Development Department of the Company
March 2021 Managing Executive Officer and Director; Vice Division Director of Residential Development Division responsible for Solution Service Department (joint responsibility), Acquisitions Department, and Project Development Department of the Company
January 2022 Managing Executive Officer and Director; Vice Division Director of Residential Development Business Division* responsible for Business Development Department, Acquisitions Department, and Project Development Department of the Company (to present)
* The title was changed to Vice Director of Residential Development Business Division on January 1, 2023

Shinjiro Kobayashi

Managing Executive Officer and Director



April 1988 Joined the Company
March 2015 General Manager of Business Planning Department of Commercial Properties Division of the Company
January 2018 Managing Officer and General Manager of Urban Development Department of the Company
January 2022 Managing Officer; Responsible for Urban Development Department (2); General Manager of Urban Development Department (1) of the Company
January 2023 Managing Executive Officer; Vice Division Director of Commercial Properties Division; Responsible for Urban Development Department (2); General Manager of Urban Development Department (1) of the Company
March 2023 Managing Executive Officer and Director; Vice Division Director of Commercial Properties Division; Responsible for Urban Development Department (2); General Manager of Urban Development Department (1) of the Company (to the present)

Fumio Tajima

Managing Executive Officer and Director



April 1990 Joined The Fuji Bank, Limited
April 2014 General Manager of Sales Department No. 17 of Mizuho Bank, Ltd.
April 2014 General Manager of Corporate Coverage Department VII of Mizuho Securities Co., Ltd. (retired in April 2019)
April 2018 Executive Officer; General Manager of Sales Department No. 17 of Mizuho Bank, Ltd.
April 2019 Executive Officer; General Manager of Global Products Coordination Department of Mizuho Financial Group, Inc.
April 2019 Executive Officer; General Manager of Global Products Coordination Department of Mizuho Bank, Ltd.
April 2021 Managing Officer; Division Director of Overseas Business Division of the Company
January 2023 Managing Executive Officer; Division Director of Overseas Business Division of the Company
March 2023 Managing Executive Officer and Director; Division Director of Overseas Business Division of the Company (to the present)

Corporate Governance

External Directors

Shuichi Hattori

External Director



April 1984 Registered as a lawyer
July 1988 Established Hattori Law Firm (currently Hattori General Law Firm) (to present)
June 2004 External Audit and Supervisory Board Member of USHIO INC. (retired in June 2016)
April 2007 Lecturer (in charge of Financial Instruments and Exchange Act) at Kelo University Law School (retired in March 2023)
March 2009 External Audit and Supervisory Board Member of LOOK INCORPORATED (currently LOOK HOLDINGS INCORPORATED) (retired in March 2019)
January 2013 External Audit and Supervisory Board Member of POKKA SAPPORO Food & Beverage Ltd. (retired in March 2016)
March 2015 External Audit and Supervisory Board Member of the Company (retired in March 2019)
June 2016 External Director of USHIO INC. (retired in June 2018)
March 2019 External Director of the Company (to present)

Yoshimitsu Onji

External Director



April 1977 Joined The Daiel, Inc.
April 1994 General Manager of Corporate Planning Division of The Daiel, Inc.
September 1998 Director and Vice President of R.E. Partners, Co., Ltd. (retired in April 2000)
December 1999 CEO of OZ Corporation (to present)
March 2000 Managing Executive Officer of RECOF Office (currently RECOF Corporation)
June 2007 Director and Chief Corporate Officer of RECOF Corporation
June 2010 President and Chief Executive Officer of RECOF Corporation
October 2016 Chairman and Representative Director of RECOF Corporation (retired in September 2017)
December 2016 Director of M&A Capital Partners Co., Ltd. (retired in September 2017)
March 2018 External Director of the Company (to present)
April 2018 Chairman and Director of Hongo Tsuji Business Consulting Co., Ltd. (retired in November 2018)
June 2018 Outside Director of NIHON CHOUZAI Co., Ltd. (to present)
December 2019 Outside Audit and Supervisory Board Member of United Foods International Co., Ltd. (to present)
June 2020 Outside Director of Sotetsu Holdings Co., Ltd. (to present)
December 2021 Outside Director of Sanyu Appraisal Corporation (to present)

Takeo Nakano

External Director



April 1980 Joined The Fuji Bank, Limited
April 2007 Executive Officer and General Manager of Kobunacho Branch of Mizuho Bank, Ltd.
April 2009 Managing Executive Officer of Mizuho Financial Group, Inc.
April 2010 President and Representative Director of Mizuho Financial Strategy Co., Ltd. (retired in April 2012)
June 2010 Managing Director of Mizuho Financial Group, Inc.
April 2012 Member of the Board of Directors of Mizuho Financial Group, Inc. (retired in June 2012) Deputy President and Representative Director of Mizuho Bank, Ltd. (retired in April 2013)
April 2013 President & CEO and Representative Director of Mizuho Trust & Banking Co., Ltd.
April 2017 Director and Chairman of Mizuho Trust & Banking Co., Ltd.
June 2018 External Audit & Supervisory Board Member of Somo Japan Nipponkoa Insurance Inc. (currently Somo Japan Insurance Inc.) (retired in June 2022)
March 2019 External Director of FUJIVA CO., LTD. (to present)
April 2019 Senior Adviser of Mizuho Trust & Banking Co., Ltd. (retired in March 2023)
June 2020 Chairman of Shouohkai Foundation (to present)
March 2021 External Director of the Company (to present)

Yumiko Kinoshita

External Director



April 1984 Joined Bank of Japan
September 1991 Joined McKinsey & Company
April 2004 Joined The National Museum of Emerging Science and Innovation of Japan Science and Technology Agency
June 2011 General Manager, Corporate Planning Department of KCJ GROUP INC.
February 2016 Chairperson of JAPAN PROFESSIONAL FOOTBALL LEAGUE (retired in March 2018)
March 2018 Chairperson responsible for extraordinary diplomacy of JAPAN PROFESSIONAL FOOTBALL LEAGUE (retired in March 2020)
July 2020 Chairperson of Tokyo Football Association (to present)
March 2021 External Director of the Company (to present)
April 2022 Member of Hitotsubashi University Business Council (to present)

Audit and Supervisory Board Members

Takashi Yoshino

Audit and Supervisory Board Member (full-time)



April 1983 Joined The Yasuda Fire and Marine Insurance Co., Ltd.
April 2009 General Manager of Marine Insurance Office of Somo Japan Insurance Inc.
October 2011 President and Director of Somo Japan Nipponkoa Insurance Company of Europe Limited (retired in March 2016)
April 2014 Executive Officer and General Manager of Europe Division of Somo Japan Insurance Inc.; Executive Officer and General Manager of Europe Division of NIPPONKOA Insurance Co., Ltd.
September 2014 Executive Officer and General Manager of Europe Division of Somo Japan Nipponkoa Insurance Inc.; Executive Officer and General Manager of Europe Division of Somo Japan Nipponkoa Holdings, Inc. (retired in March 2016)
April 2016 Executive Vice President of Somo Japan Nipponkoa Insurance Inc.
April 2018 Executive Vice President and General Manager of Enterprise Market Promotion Division of Somo Japan Nipponkoa Insurance Inc. (retired in March 2019)
March 2019 Audit and Supervisory Board Member (full-time) of the Company (to present)

Isao Jinno

Audit and Supervisory Board Member (full-time)



April 1988 Joined Yasuda Trust & Banking Co., Ltd.
October 2010 General Manager of the Kawagoe Branch of Mizuho Trust & Banking Co., Ltd.
January 2013 General Manager of the Real Estate Sales Department (3) of Mizuho Trust & Banking Co., Ltd.
April 2016 Executive Officer; General Manager of Trust and Total Sales Department (8) of Mizuho Trust & Banking Co., Ltd.
April 2018 Senior Managing Executive Officer and Director of Heisei Building Co., Ltd.
April 2018 Representative Director and President of Nihonbashi Building Services Inc. (retired in March 2023)
April 2020 Senior Managing Executive Officer of Heisei Building Inc. (retired in March 2023)
March 2023 Audit & Supervisory Board Member of the Company (full-time) (to present)

External Audit and Supervisory Board Members

Takao Yamaguchi

Audit and Supervisory Board Member (Independent)



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 and Supervisory Board Member of SATO HOLDINGS CORPORATION (retired in June 2021)
June 2015 Outside Corporate Auditor of KYORIN Holdings, Inc. (to present)
March 2016 External Audit and Supervisory Board Member of the Company (to present)
March 2019 External Audit & Supervisory Board Member of Lion Corporation (retired in March 2023)

Sayaka Hieda

Audit and Supervisory Board Member (Independent)



September 2007 Registered as a lawyer
September 2007 Joined HANZOMON SOGO LAW OFFICE (resigned in December 2009)
January 2010 Joined OMOTESANDO SOGO LAW OFFICE (to present)
March 2019 External Audit and Supervisory Board Member of the Company (to present)
March 2021 Audit & Supervisory Board Member (Independent), Institution for a Global Society Corporation (to present)

Executive Officers

Position	Name	
President and Chief Executive Officer	Hitoshi Nomura	
Senior Managing Executive Officers	Katsuhito Ozawa	Akira Izumi
	Hideshi Akita	Hisayoshi Kato
Managing Executive Officers	Takeshi Jinbo	Shinjiro Kobayashi
	Fumio Tajima	Hiroshi Takahashi
Managing Officers	Satoshi Eida	Nobuyoshi Takahashi
	Masayuki Okubo	Kazuki Sugise
	Yusuke Mishima	Katsuhiko Tamai
	Shigeru Sabayashi	Hiroto Fukui
	Kenji Sugaya	Yuichi Kawazoe
	Yutaka Onuma	Yuji Araki
	Satoru Kondou	

Corporate Governance

Working to Enhance the Effectiveness of the Board of Directors

Major Agenda Items for the Board of Directors

The main matters deliberated by the Board of Directors in fiscal 2022 were as follows. The Board discussed governance matters, such as establishing the Risk Management Committee, from a medium- to long-term perspective.

Classification	Main Agenda Items
Matters related to management strategy	Business & finance - Approval of annual accounts and budget, funding plans and funding procurement policy - Approval of business plans for the fiscal year and rolling over medium-term business plans
	ESG - E: Establishment of medium- and long-term KPIs and targets for reducing waste emissions and promoting recycling - E: Discussions on the implementation status of environmental KPIs and targets with a view to expediting and improving the timeline for reaching certain targets. - E: Discussions on formulating a roadmap for reducing greenhouse gas emissions - S: Consideration of policies regarding the identification of priority issues related to human rights and performance of due diligence - G: Confirmation of purpose of cross-shareholdings and review of policy - G: Establishment of the Risk Management Committee and the Internal Control Committee - G: Confirmation of results of evaluation of the effectiveness of the Board of Directors; consideration of ways to further enhance effectiveness
	Other Sharing of IR activity reports and feedback
	Stock-related matters - Convocation of general meetings of shareholders and determination of proposals to be submitted - Approval of appropriation of surplus and dividend policy
Other matters	- Progress report on large projects - Progress report on M&A projects (Expert Office, Inc.)

Cross-shareholdings

We acquire and hold shares of other companies for noninvestment purposes (cross-shareholdings) when we determine that holding such shares is likely to contribute to maintaining and increasing the medium- and long-term corporate value of the Group by maintaining and strengthening business relationships with business partners. We verify the appropriateness of our individual cross-shareholdings with a view to whether holding them will continue to contribute to maintaining and increasing the corporate value of the Group. Verification is performed based on the transaction results and prospects of real estate transactions, joint ventures, construction and equipment transactions, and financial transactions in addition to dividend results. In addition, we report verification and disposal results to the Board of Directors at least once every year, and, if we determine that such a cross-shareholding is no longer significant, we seek to reduce the cross-shareholding while considering the impact on the stock market and other factors. In fiscal 2022, the total quantity of cross-shareholdings sold was greater than the total amount purchased.

Evaluation of the Effectiveness of the Board of Directors

We conduct an annual survey on the structure, agenda items, and operation of the Board of Directors and evaluate the effectiveness of the Board based on the results. Below is an overview of the effectiveness evaluation for fiscal 2022.

Evaluation Process and Topics

Evaluation process	(1) Administer questionnaire survey to all directors and Audit & Supervisory Board members (2) Aggregate, analyze, and share results with the Board of Directors (3) Discuss future issues and measures
Topics	Structure: Ratio, number, specialization, and diversity of external directors Agenda: Number, content, and standard expressions of monetary amounts in agenda items Operation: Number of meetings, length of meetings, provision of explanations prior to meetings, explanatory materials used, time taken for explanations, time taken for discussion, and reported content Other: Support system for external directors

Results of Evaluation

As a result of our evaluation, we confirmed that the effectiveness of the Board of Directors has been adequately ensured. The evaluation results and remaining issues for main topics are as follows. In fiscal 2022, we revised meeting proceedings, including the timing of the distribution of pre-meeting explanations and materials, in an effort to ensure livelier discussions. We will continue to address the issues identified so that we can further enhance the effectiveness of the Board of Directors.

Main Evaluation Items	Evaluation	Ongoing Issues
Composition	The number of directors is generally appropriate, as are other considerations such as their composition.	—
Agenda items	The number of agenda items is generally appropriate, as are the criteria for their inclusion. Discussions on medium- to long-term management issues and management policies were expanded to some extent compared to the previous year.	The agenda should continue to be reviewed with a view to further expanding discussions, including those related to medium- to long-term management issues.
Management	The frequency and the length of meetings are generally appropriate. The timing of the sharing of pre-meeting materials and the support systems for external officers improved from the previous fiscal year.	—

Corporate Governance

Remuneration of Directors

Regarding the remuneration of directors (excluding certain officers), our aim is to instill awareness of each officer's responsibility to contribute to building corporate value not only in the short term but also over the longer term. To this end, we have adopted a system that links a certain percentage of remuneration to business and stock price performance.

■ Basic Policy

The remuneration of directors (excluding external directors) comprises three elements: fixed remuneration, performance-based remuneration, and stock-based remuneration. The ratio of these elements is set appropriately based on the policy regarding the determination of payment ratios by type of compensation for Directors. The amount of remuneration for each director is decided by the Board of Directors after consulting with the Nomination and Remuneration Advisory Committee. The remuneration of external directors and Audit and Supervisory Board members is limited to fixed remuneration in consideration of their duties.

Policy on Payment Breakdown by Remuneration Type

	Fixed Remuneration	Performance-based Remuneration	Stock-based Remuneration
Positioning	Basic remuneration	Short-term incentive	Medium- and long-term incentive
Variability	—	Performance linked to single fiscal year	Stock-based
Proportion of total remuneration (approx.)	50-60%	30-40%	5-10%

By resolution, the Board of Directors designates responsibility for determining the remuneration of each individual director to the individual serving as to the Representative Director, President & Chief Executive Officer, who is best qualified to comprehensively evaluate the Company's performance and the duties and responsibilities of the directors, after receiving the advice of the Nomination and Remuneration Advisory Committee.

■ System for Decision Making

Having been designated by the Board of Directors, the Representative Director, President and Chief Executive Officer creates proposals for fixed and performance-linked remuneration for each individual director in line with their rank and responsibilities in the fiscal year under review. Then, after receiving the advice of the Nomination and Remuneration Advisory Committee, the designated person determines the specific amount of remuneration for each director.

■ Remuneration Structure

Fixed remuneration (for Directors):

Up to 35 million yen per month (420 million yen per year)*¹

Performance-based remuneration (for directors excluding external directors):

Capped at 1% of consolidated ordinary profit and 2% of profit attributable to owners of parent for the year prior to the fiscal year in question*²

Stock-based remuneration (for directors excluding external directors):

Based on the stock-based remuneration system determined by a board benefit trust scheme, directors will be awarded a maximum of 40,000 points per fiscal year (equivalent to 40,000 shares). At the time of retirement, the director will be paid an amount equivalent to the amount of company stock held calculated at market value.*³

Audit and Supervisory Board member remuneration:

Remuneration of Audit and Supervisory Board members is limited to basic remuneration according to whether the member serves in a full-time or part-time position and capped at 8 million yen per month (equivalent to 96 million yen per year).*¹

*¹ Based on a resolution of the 190th Ordinary General Meeting of Shareholders held on March 28, 2008

*² Based on a resolution of the 195th Ordinary General Meeting of Shareholders held on March 28, 2013

*³ Based on a resolution of the 200th Ordinary General Meeting of Shareholders held on March 28, 2018

Total Amount of Remuneration, Total Amount by Type of Remuneration, and Number of Eligible Individuals (as of the fiscal year ended December 31, 2022)

Executive Class	Number of Eligible Individuals	Total Amount by Type of Remuneration			Total Remuneration (Million Yen)
		Fixed Remuneration (Million Yen)	Performance-Linked Remuneration (Million Yen)	Stock-Based Remuneration (Million Yen)	
Directors (Excluding External Directors)	8	271	171	37	480
Audit and Supervisory Board Members (Excluding External Members*)	2	52	—	—	52
External Officers	6	54	—	—	54
Total	16	377	171	37	586

* Two External Members

Risk Management Initiatives

Risk Management Initiatives

The Tokyo Tatemono Group has identified the need to strengthen the risk management framework as a material issue related to governance. The Group seeks to appropriately manage risks that could affect its business to achieve stable improvement in corporate value. To this end, we established relevant regulations and created a risk management framework to continuously monitor and control risks.

 (Sustainability Report 2023) Risk Management pp. 79–80

Promotion Structure

Regarding the promotion of risk management, the Company comprehensively manages the Group's risks based on the risk management regulations. The Company designated the Representative Director, President and Chief Executive Officer as the Chief Risk Management Officer and established the Risk Management Committee with the Representative Director, President and Chief Executive Officer as the chair.

The committee evaluates and analyzes the Group's material management risks (priority risks), formulates preventive measures and countermeasures, regularly monitors the situation, and regularly submits relevant agenda items and reports to the Board of Directors.

In addition, each business division general manager acts as a Chief Risk Management Officer, which is defined in the risk management regulations, and appropriately prevents and manages non-priority risks (department management risks).

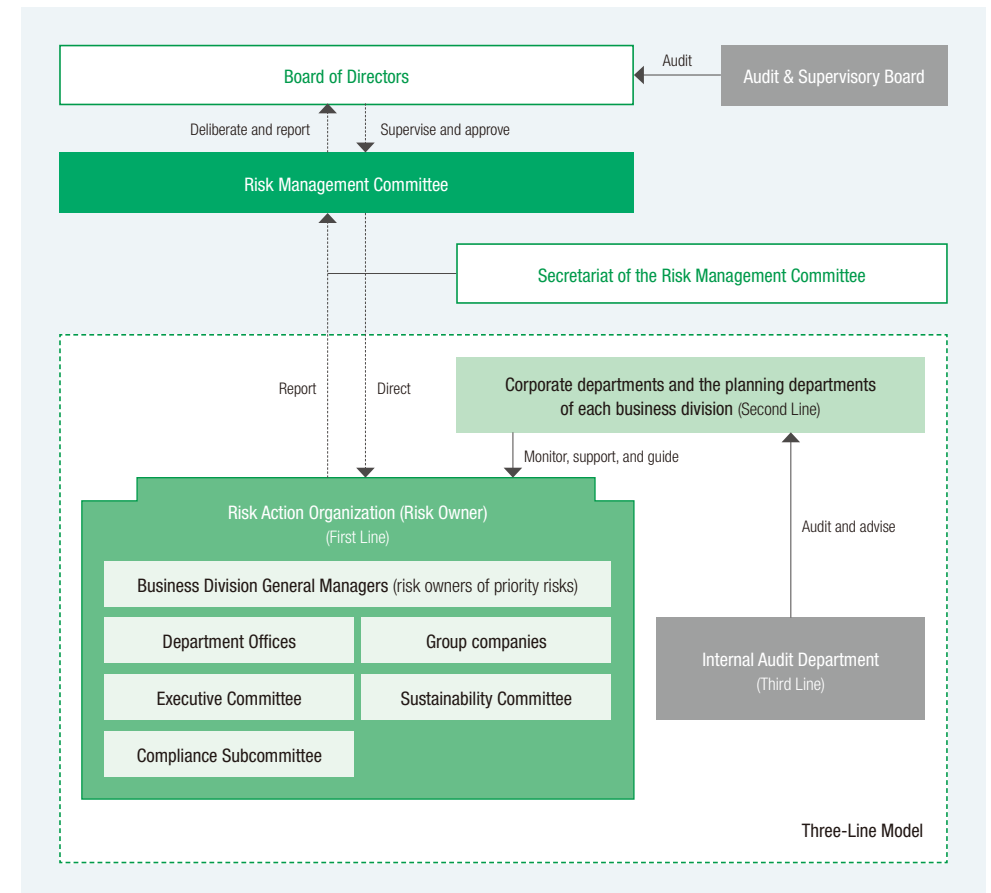
Furthermore, corporate departments and the planning departments of each business division monitor, support, and offer guidance regarding the risk management of each department. The Internal Audit Department audits and offers advice on actions taken by the planning departments of each business division regarding the risk management of each department.

In developing our risk management framework, we referenced ISO31000 (an international standard for risk management), Enterprise Risk Management (ERM),*¹ and the three-line model policy.*²

*¹ ERM: (Enterprise Risk Management) released by the (Committee of Sponsoring Organizations of the Treadway Commission) COSO.

*² Three-line model released by The Institute of Internal Auditors (IIA).

Risk Management Structure



Compliance Initiatives

Compliance Initiatives

Based on the Tokyo Tatemono Group Compliance Charter, the Group of course complies with laws and regulations and promotes initiatives to ensure compliance with social norms and corporate ethics. This approach builds a long-lasting relationship of trust with society and allows continued sound corporate activities.

In addition, by Formulating the Compliance Action Guidelines and the *Tokyo Tatemono Group Compliance Manual* and conducting compliance-related education and training, we are working to construct organizations and education systems that ensure a consistent high-compliance mindset is shared by its employees.

 (Sustainability Report 2023) Compliance pp. 81–84

Promotion Structure

We established the Risk Management Committee to supervise the Group's risk management and compliance. Under this committee, we established the Compliance Subcommittee to specifically and dynamically deliberate compliance topics. This subcommittee deliberates compliance measures, monitors progress, and addresses compliance risks.

In addition, the Company's Legal & Compliance Department supports and guides Group companies' compliance-related operations, facilitates cooperation between Group companies, and aims to enhance compliance functions across the Group.

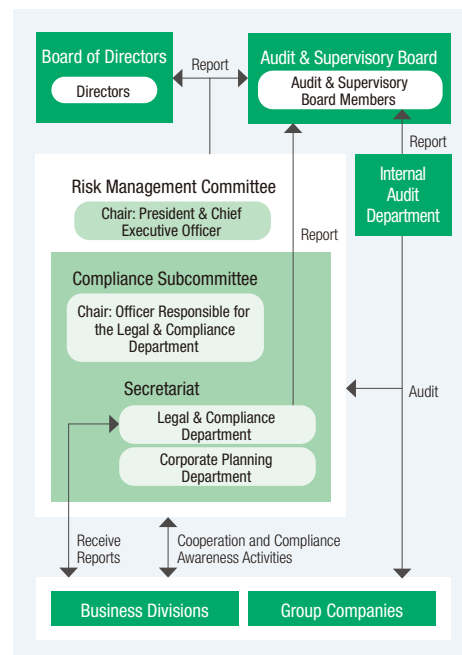
Tokyo Tatemono Group Compliance Charter

As we engage in corporate activities, we observe the Compliance Charter below:

- We adhere to laws, regulations, and other rules and engage in fair, sound corporate activities.
- We act faithfully by thinking from the customers' standpoint.
- We contribute to making society better through corporate activities.
- We respect the personalities and values of each other and maintain a comfortable working environment.

Established June 2009

Compliance Structure



Compliance Training

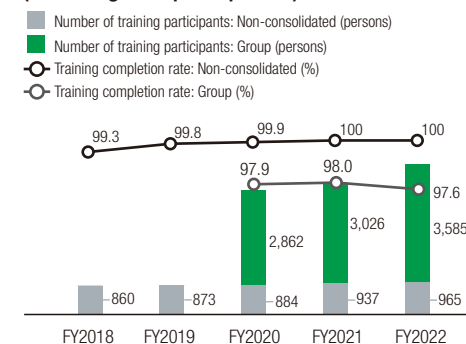
Every year, the Tokyo Tatemono Group conducts compliance training via e-learning. In 2022, approximately 4,400 managers and employees across 19 companies participated in the training (a completion rate of 97.6%).

In the course of such training, we strive to enable participants to gain knowledge of or brush up on general compliance topics; data management; the Real Estate Brokerage Act; the Criminal Proceeds Transfer Prevention Act; the Whistleblower Protection Act, which was amended in 2022; and the reporting system based on said act.

In addition, we conduct rank-based compliance training, on such topics as preventing power harassment for line managers, compliance and risk management for officers and general managers (including external officers), and compliance for new supervisors.

On the subject of legal and tax matters of high importance to our business, we invite external experts as lecturers for seminars. These seminars cover the latest examples of trials, tax reforms, and other information related to business activities throughout the Group.

Compliance Training* (e-learning: Group compliance)

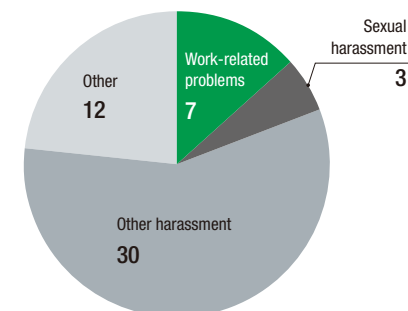


Scope of Collection: Tokyo Tatemono Group

Establishment of a Helpline

The Group has established the Tokyo Tatemono Group Helpline (an external helpline), which can be used by all Group companies, in addition to internal helplines in place at each company. This external helpline is intended to prevent and quickly resolve compliance violations, including legal violations, bribery, fraud, and harassment, by handling whistleblowing complaints, reports, and consultations. The privacy of anyone who uses the helpline is protected. If the investigation or fact check that is carried out by the responsible department identifies a compliance violation, we act quickly to rectify it and prevent recurrence. For more serious cases, the Risk Management Committee (and Compliance Subcommittee) is convened to discuss a response.

Number of Reports and Consultations Handled by the Helpline (FY2022)



Key Financial and Non-Financial Data

Financial Data

	Unit	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020	FY2021	FY2022
Operating Results												
Operating revenue	Million yen	194,161	220,026	237,049	260,012	254,498	266,983	273,302	323,036	334,980	340,477	349,940
Operating profit	Million yen	30,892	29,361	30,559	34,439	36,363	44,757	46,765	52,410	49,631	58,784	64,478
Business profit*1	Million yen	—	—	—	35,281	38,206	46,440	47,174	51,668	49,847	47,979	66,304
Ordinary profit	Million yen	21,741	21,959	17,317	24,796	30,635	39,416	42,036	44,611	47,072	46,270	63,531
Profit attributable to owners of parent	Million yen	10,243	10,121	82,944	16,359	19,742	22,599	27,277	29,796	31,795	34,965	43,062
Financial Position												
Total assets	Million yen	895,296	938,161	1,319,465	1,297,112	1,314,558	1,441,050	1,450,091*2	1,564,049	1,624,640	1,650,770	1,720,134
Net assets	Million yen	212,491	262,276	305,808	312,530	325,593	353,419	356,578	384,211	399,129	427,661	456,838
Interest-bearing debt	Million yen	479,746	434,763	748,273	707,356	727,302	814,032	857,117	924,891	976,896	956,836	989,798
Cash Flow												
Cash flows from operating activities	Million yen	57,332	22,135	(4,790)	21,762	38,783	(14,196)	19,748	24,096	43,524	65,889	(3,332)
Cash flows from investing activities	Million yen	(15,385)	37,083	257,798	(21,250)	(53,024)	(64,508)	(63,577)	(64,082)	(66,724)	(1,642)	(21,204)
Cash flows from financing activities	Million yen	(35,855)	(47,119)	(277,787)	(40,177)	9,005	77,998	34,438	48,000	38,307	(32,187)	18,421
Net increase (decrease) in cash and cash equivalents	Million yen	6,586	12,804	(24,744)	(39,689)	(5,164)	(825)	(9,513)	7,794	15,148	32,362	(4,569)
Cash and cash equivalents at end of period	Million yen	39,466	52,271	86,907	47,217	42,053	41,227	31,702	39,497	54,645	87,008	82,439
Financial Indicators												
ROE	%	5.3	4.4	33.2	5.6	6.4	6.8	7.9	8.2	8.3	8.7	10.0
ROA	%	3.5	3.3	2.3	2.7*3	2.9*3	3.4*3	3.3*3	3.4*3	3.1*3	2.9*3	3.9*3
Equity ratio	%	22.9	26.7	21.7	23.2	24.2	23.9	24.0	24.0	24.0	25.3	25.9
Debt-equity ratio	Times	2.3	1.7	2.6	2.3	2.3	2.4	2.5	2.5	2.5	2.3	2.2
Interest-bearing debt/EBITDA multiple	Times	11.6	10.9	15.9	13.4	13.0	12.5	12.7	12.6	13.4	13.3	11.1
Stock price information												
Profit per share	Yen	23.79	23.55	193.12	75.91*4	91.00	104.17	125.79	141.59	152.12	167.35	206.15
Net assets per share	Yen	476.23	583.11	665.51	1,390.07*4	1,465.30	1,589.98	1,605.70	1,794.15	1,862.81	1,996.52	2,135.08
Annual dividend per share	Yen	5	5	6	20*4	26	30	35	41	46	51	65
Payout ratio	%	21.0	21.2	3.1	26.3	28.6	28.8	27.8	29.0	30.2	30.5	31.5

*1 Business profit = operating profit + share of profit (loss) of entities accounted for using equity method. This is a profit indicator set in our medium-term business plan (FY2020–FY2024) reflecting overseas business growth. For comparative purposes, we have disclosed figures from the fiscal year ended December 2015.

*2 We have applied the Partial Amendments to Accounting Standard for Tax Effect Accounting, etc., from the fiscal year ended December 2019. Figures for the fiscal year ended December 2018 reflect the retroactive application of this accounting standard.

*3 From the fiscal year ended December 2015, ROA = Business profit ÷ total assets (average at start and end of fiscal year).

*4 We implemented a one-for-two common share reverse stock split on July 1, 2015. The annual dividend per share for the fiscal year ended December 2015 is calculated assuming the reverse stock split occurred at the beginning of the fiscal year ended December 2015.

Key Financial and Non-Financial Data

Non-Financial Data (Environmental)*1

	Unit	2018	2019	2020	2021	2022
CO ₂ emissions*2	t-CO ₂	—	1,100,693	1,288,946†	943,489†	732,547†
Scope 1 (fuel-derived)	t-CO ₂	—	15,050	11,981†	12,657†	18,522†
Scope 2	t-CO ₂	—	115,897	104,736†	96,195†	88,124†
Scope 3	t-CO ₂	—	969,745	1,172,229†	834,638†	625,901†
Renewable energy (electricity) installation rate*3	%	—	—	—	2.7	16.3†
Green building certification acquisition ratio	%	40.7	36.6	38.3	56.4	62.5
Waste emissions*4	t	—	—	—	6,350†	6,429†
Unit load	t/Thousand m ³	—	—	—	5.3	5.3
Recycling rate	%	—	—	—	65.7†	60.9†
Water consumption*5	Thousand m ³	—	—	—	688	786
Unit load (results)	m ³ /m ²	—	—	—	0.70	0.79

*1 For detailed information and notes on each item, please refer to the Data section of the Sustainability Report.



(Sustainability Report 2023) Data (Environment) pp. 85-88

*2 Scope of Collection: Tokyo Tatemono Group

*3 Scope of Collection: Long-term buildings and commercial facilities over which Tokyo Tatemono has substantial energy management authority

*4 Scope of Collection: Long-term buildings and commercial facilities over which Tokyo Tatemono has substantial energy management authority and for which waste reuse/reduction plans have been submitted

*5 Scope of Collection: Assets held in Tokyo Tatemono's Commercial Properties Business

† Indicates item verified by a third party



Material Issue KPIs and Targets p. 37

Non-Financial Data (Governance)*

(Tokyo Tatemono, Non-Consolidated)	Unit	2018	2019	2020	2021	2022
Number of reports and consultations to the helpline	Unit	59	56	41	61	52
Number of incidents related to bribery	Unit	0	0	0	0	0
Number of incidents related to anti-trust or anti-competitive behavior	Unit	0	0	0	0	0
Number of incidents related to other compliance violations	Unit	0	0	0	0	0

* For detailed information and notes on each item, please refer to the Data section of the Sustainability Report.



(Sustainability Report 2023) Data (Governance) pp. 92-93

Non-Financial Data (Social)*1

(Tokyo Tatemono, Non-Consolidated)	Unit	2018	2019	2020	2021	2022
Full-time (FT) employees	Persons	719	749	772	805	840
Ratio of female FT employees	%	23.8	24.8	25.5	26.1	26.2
Number of managers	Persons	350	360	367	376	377
Ratio of management positions held by women	%	4.6	5.0	6.0	7.2	7.2
New hires	Persons	22	21	20	33	30
Ratio of women among new graduate hires	%	36.4	33.3	25.0	30.3	33.3
Ratio of employees with disabilities	%	1.87†	1.81†	1.75†	2.21†	2.33†
Voluntary turnover rate	%	2.6†	2.1†	2.2†	1.5†	3.3†
Average annual training hours	Hours	12.0	14.4	12.2	18.3	15.8
Career training participation rate	%	100	100	100	100	100
Ratio of employees who underwent a health check-up	%	100†	100†	100†	100†	100†
Health check reexamination rate	%	94.0	63.0	98.3	83.7	98.0
Smoking rate	%	22.5	21.0	17.2	16.0	12.1
Average number of paid leave days taken per year*2	Days	9.9†	10.6†	9.3†	10.2†	11.8†
Average annual percentage of paid leave taken	%	—	57.7†	51.2†	57.5†	67.8†
Percentage of childcare leave taken (men)*3	%	35.3*5	4.8*5	18.2	13.0*5	50.0
Number of lost time injuries*4	Unit	1†	0†	0†	1†	1†
Total days lost due to absence	Days	137†	122†	7†	386†	646†
Ratio of absenteeism	%	—	0.06†	0†	0.18†	0.28†

*1 For detailed information and notes on each item, please refer to the Data section of the Sustainability Report.



(Sustainability Report 2023) Data (Social) pp. 88-91

*2 Days granted under other leave systems, such as summer leave and the founding anniversary, are not included in the above figures.

*3 Percentage of male employees taking childcare leave = total number of male employees who took childcare leave in the relevant year / total number of male employees who had a child born in the relevant year.

*4 Number of lost time injuries: Accidents that occur during work that result in one or more days absence.

*5 We revised the figures after conducting a detailed analysis.

† Indicates item verified by a third party

Financial Statements

Consolidated Balance Sheet

(Million yen)

Assets	FY2021	FY2022
Current assets		
Cash and deposits	87,010	82,440
Trade notes and accounts receivable	14,041	—
Trade notes, accounts receivable and contract assets	—	14,334
Real estate for sale	133,251	173,836
Real estate for sale in process	139,389	160,009
Real estate for development	71,579	81,069
Other	36,004	40,934
Allowance for doubtful accounts	(58)	(93)
Total current assets	481,217	552,531
Non-current assets		
Property, plant and equipment		
Buildings and structures	383,995	396,529
Accumulated depreciation	(160,377)	(174,775)
Buildings and structures, net	223,618	221,754
Land	539,786	537,397
Construction in progress	38,536	44,903
Other	30,098	31,198
Accumulated depreciation	(18,788)	(20,291)
Other, net	11,309	10,907
Total property, plant and equipment	813,251	814,963
Intangible assets		
Leasehold interests in land	128,730	130,042
Goodwill	1,162	1,716
Other	986	887
Total intangible assets	130,880	132,646
Investments and other assets		
Investment securities	128,586	128,701
Investments in silent partnerships	8,128	3,638
Long-term loans receivable	8	458
Deferred tax assets	2,148	2,001
Leasehold and guarantee deposits	21,261	21,469
Retirement benefit assets	2,215	1,151
Other	63,170	62,673
Allowance for doubtful accounts	(97)	(100)
Total investments and other assets	225,421	219,993
Total non-current assets	1,169,553	1,167,603
Total assets	1,650,770	1,720,134

(Million yen)

Liabilities	FY2021	FY2022
Current liabilities		
Short-term borrowings	83,726	52,047
Commercial paper	40,000	50,000
Current portion of bonds payable	—	10,000
Accounts payable—other	13,849	13,781
Income taxes payable	11,094	4,811
Provision for warranties for completed construction	10	11
Provision for bonuses	945	950
Provision for bonuses for directors (and other officers)	2	2
Provision for loss on guarantees	30	—
Provision for environmental measures	26	0
Deposits received under real estate specified joint enterprise law	4,500	—
Other	58,316	67,856
Total current liabilities	212,502	199,461
Non-current liabilities		
Bonds payable	255,000	245,000
Long-term borrowings	575,676	630,520
Deferred tax liabilities	19,861	17,647
Deferred tax liabilities for land revaluation	23,663	27,274
Provision for share-based remunerations for directors (and other officers)	190	259
Provision for retirement benefits for directors (and other officers)	94	98
Leasehold and guarantee deposits received	78,381	78,088
Retirement benefit liability	12,955	13,023
Deposits received under real estate specified joint enterprise law	19,076	21,684
Other	25,708	30,236
Total non-current liabilities	1,010,607	1,063,834
Total liabilities	1,223,109	1,263,296
Net assets		
Shareholders' equity		
Share capital	92,451	92,451
Capital surplus	66,587	66,539
Retained earnings	166,356	189,501
Treasury shares	(439)	(443)
Total shareholders' equity	324,955	348,048
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	54,276	50,332
Deferred gains or losses on hedges	(17)	—
Revaluation reserve for land	34,959	43,187
Foreign currency translation adjustment	2,144	4,604
Remeasurements of defined benefit plans	736	(179)
Total accumulated other comprehensive income	92,099	97,945
Non-controlling interests	10,605	10,843
Total net assets	427,661	456,838
Total liabilities and net assets	1,650,770	1,720,134

Financial Statements

Consolidated Statement of Income and Consolidated Statement of Comprehensive Income

(Million yen)

Consolidated statement of income	FY2021	FY2022
Operating revenue	340,477	349,940
Operating costs	247,933	248,452
Operating gross profit	92,543	101,488
Selling, general and administrative expenses	33,759	37,009
Operating profit	58,784	64,478
Non-operating income		
Interest income	21	28
Dividend income	5,336	3,621
Share of profit of entities accounted for using equity method	—	1,825
Other	1,523	830
Total non-operating income	6,881	6,307
Non-operating expenses		
Interest expenses	6,667	6,094
Commission expenses-borrowing	1,012	862
Share of loss of entities accounted for using equity method	10,804	—
Bond issuance costs	443	—
Dividends paid on real estate specified joint enterprise law	75	94
Provision for loss on guarantees	30	—
Other	361	202
Total non-operating expenses	19,395	7,254
Ordinary profit	46,270	63,531
Extraordinary income		
Gain on sale of non-current assets	7	726
Gain on sale of investment securities	8,804	50
Gain on sale of investments in capital of subsidiaries and associates	1,538	—
Gain on liquidation of subsidiaries and associates	367	—
Gain on bargain purchase	—	870
Gain on step acquisitions	—	12
Total extraordinary income	10,719	1,659
Extraordinary losses		
Loss on sale of non-current assets	3	9
Loss on retirement of non-current assets	208	139
Impairment losses	273	462
Loss on building reconstruction	—	1,772*
Loss on sale of investment securities	2	—
Loss on valuation of investment securities	138	50
Loss on liquidation of subsidiaries and associates	—	6
Loss on COVID-19	129	—
Total extraordinary losses	754	2,440
Profit before income taxes	56,234	62,750
Income taxes—current	20,231	15,580
Income taxes—deferred	64	3,086
Total income taxes	20,295	18,666
Profit	35,938	44,084
Profit attributable to non-controlling interests	972	1,021
Profit attributable to owners of parent	34,965	43,062

*Losses associated with reconstruction plans for leased buildings

(Million yen)

Consolidated statement of comprehensive income	FY2021	FY2022
Profit	35,938	44,084
Other comprehensive income		
Valuation difference on available-for-sale securities	(676)	(4,021)
Foreign currency translation adjustment	253	118
Remeasurements of defined benefit plans, net of tax	617	(924)
Share of other comprehensive income of entities accounted for using equity method	2,766	2,359
Total other comprehensive income	2,960	(2,467)
Comprehensive income	38,898	41,616
Comprehensive income attributable to		
owners of parent	37,949	40,680
non-controlling interests	949	935

Financial Statements

Consolidated Statement of Cash Flows

(Million yen)

	FY2021	FY2022
Cash flows from operating activities		
Profit before income taxes	56,234	62,750
Depreciation	18,572	18,796
Impairment losses	273	462
Loss on building reconstruction	—	1,772
Amortization of goodwill	290	317
Gain on bargain purchase	—	(870)
Loss (gain) on step acquisitions	—	(12)
Share of loss (profit) of entities accounted for using equity method	10,804	(1,825)
Increase (decrease) in allowance for doubtful accounts	12	36
Increase (decrease) in provision for bonuses	(11)	5
Increase (decrease) in provision for bonuses for directors (and other officers)	(21)	(0)
Increase (decrease) in provision for share-based remuneration for directors (and other officers)	50	69
Increase (decrease) in provision for retirement benefits for directors (and other officers)	17	4
Increase (decrease) in provision for loss on guarantees	30	(30)
Increase (decrease) in provision for environmental measures	(1)	(26)
Increase (decrease) in provision for loss on liquidation of subsidiaries and associates	(275)	—
Increase (decrease) in retirement benefit liability	209	(198)
Interest and dividend income	(5,358)	(3,650)
Interest expenses	6,667	6,094
Loss (gain) on valuation of investment securities	138	50
Loss (gain) on sale of investment securities	(8,802)	(50)
Loss (gain) on sale of investments in capital of subsidiaries and associates	(1,538)	—
Loss (gain) on liquidation of subsidiaries and associates	(367)	6
Loss (gain) on sale and retirement of non-current assets	204	(577)
Decrease (increase) in trade receivables	(310)	(292)
Decrease (increase) in inventories	3,467	(65,006)
Increase (decrease) in leasehold and guarantee deposits received	(999)	(1,885)
Increase (decrease) in trade payables	(47)	813
Decrease (increase) in leasehold and guarantee deposits	807	(849)
Increase (decrease) in deposits received	(380)	3,839
Other, net	5,181	(1,094)
Subtotal	84,847	18,648
Interest and dividends received	6,196	6,203
Interest paid	(6,535)	(6,101)
Income taxes refund (paid)	(18,619)	(22,083)
Net cash provided by (used in) operating activities	65,889	(3,332)

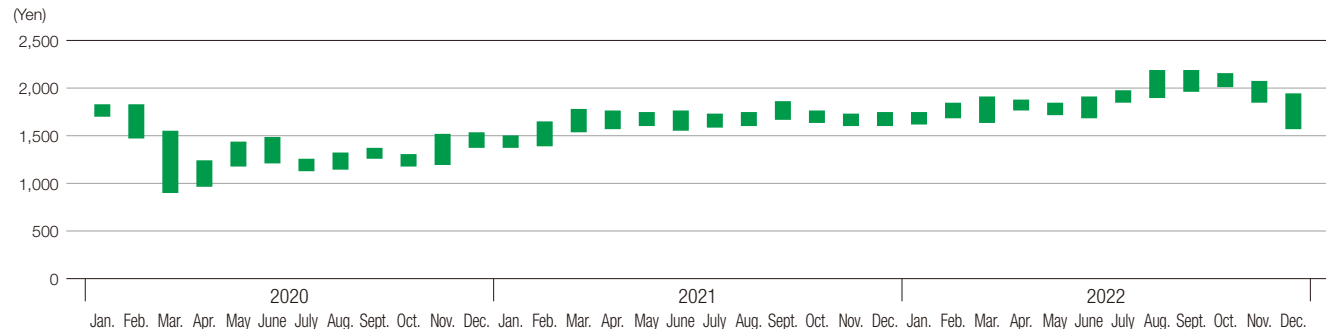
(Million yen)

	FY2021	FY2022
Cash flows from investing activities		
Proceeds from sale and redemption of investment securities	10,786	2,188
Purchase of investment securities	(1,578)	(5,604)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(1,105)	—
Proceeds from sale of shares of subsidiaries resulting in change in scope of consolidation	—	654
Purchase of investments in capital of subsidiaries and associates	(2,871)	—
Proceeds from redemption of investments in capital of subsidiaries and associates	2,204	—
Proceeds from sales of investments in capital of subsidiaries and associates	7,643	—
Payments for investments in silent partnerships	(73)	—
Proceeds from withdrawal of investments in silent partnerships	774	4,460
Proceeds from sale of non-current assets	19	4,244
Purchase of non-current assets	(19,386)	(22,495)
Increase (decrease) in deposits received under real estate specified joint enterprise law	2,693	(1,892)
Other, net	(749)	(2,759)
Net cash provided by (used in) investing activities	(1,642)	(21,204)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	(0)	(0)
Increase (decrease) in commercial paper	(15,000)	10,000
Proceeds from long-term borrowings	33,500	135,500
Repayments of long-term borrowings	(68,814)	(112,534)
Repayments of long-term accounts payable—other	(202)	(202)
Proceeds from issuance of bonds	50,000	—
Redemption of bonds	(20,000)	—
Purchase of equity in silent partnerships of subsidiaries and associates not resulting in change in scope of consolidation	—	(648)
Proceeds from sale of treasury shares	2	0
Purchase of treasury shares	(234)	(4)
Dividends paid	(10,029)	(11,700)
Dividends paid to non-controlling interests	(596)	(708)
Proceeds from share issuance to non-controlling shareholders	—	34
Other, net	(811)	(1,312)
Net cash provided by (used in) financing activities	(32,187)	18,421
Effect of exchange rate change on cash and cash equivalents	303	1,545
Net increase (decrease) in cash and cash equivalents	32,362	(4,569)
Cash and cash equivalents at beginning of period	54,645	87,008
Cash and cash equivalents at end of period	87,008	82,439

Corporate Data

Company Name	Tokyo Tatemono Co., Ltd.
Established	October 1, 1896
Capital	92.4 billion yen (As of December 31, 2022)
Representative	Hitoshi Nomura Representative Director President and Chief Executive Officer
Number of Consolidated Employees	5,878 (As of December 31, 2022)
Head Office	Tokyo Tatemono Yaesu Building 1-4-16 Yaesu, Chuo-ku, Tokyo 103-8285 Phone: 03-3274-0111
Stock Listing	Prime Market of Tokyo Stock Exchange
Listing Date	September 1907
Securities Code	8804
Trading Unit	100 shares
Number of Shares Authorized	400,000,000 shares
Number of Shares Issued and Outstanding	209,167,674 shares (As of December 31, 2022)

Stock Price



Group Companies

Commercial Properties Business

Tokyo Fudosan Kanri Co., Ltd.
Tokyo Building Service Co., Ltd.
Shinjuku Center Building Management Co., Ltd.
Seishin Service Co., Ltd.
PRIME PLACE Co., Ltd.
EXPERT OFFICE Co., Ltd.

Residential Business

Tokyo Tatemono Amenity Support Co., Ltd.
E-State Online Co., Ltd.

Asset Service Business

Tokyo Tatemono Real Estate Sales Co., Ltd.
Japan Rental Guaranty Co., Ltd.
Nihon Parking Corporation
Parking Support Center Corporation

Other Businesses

Overseas Business

Tokyo Tatemono (Shanghai) Real Estate Consulting Co., Ltd.
Tokyo Tatemono Asia Pte. Ltd.

Fund Business

Tokyo Tatemono Investment Advisors Co., Ltd.
Tokyo Realty Investment Management, Inc.

Leisure and Child Care Business

Tokyo Tatemono Resort Co., Ltd.
Tokyo Tatemono Staffing Co., Ltd.

Please refer to the following for more information.

Financial Information



Investor Relations

<https://tatemono.com/english/ir/>



IR Library

<https://tatemono.com/english/ir/library/>



Non-Financial Information



Sustainability

<https://tatemono.com/csr/english/>



Sustainability Report 2023

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