

T O K Y O
T A T E M O N O

TOKYO TATEMONO GROUP

Integrated Report 2019



Integrated Report **2019**

Fiscal year ended December 31, 2018

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Editorial Policy

Integrated Report 2019 was prepared with the goals of enhancing communication with stakeholders and fostering understanding regarding the propensity of Tokyo Tatemono Co., Ltd., 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 contents.

Reporting Period

This report primarily covers the fiscal year ended December 31, 2018. 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.

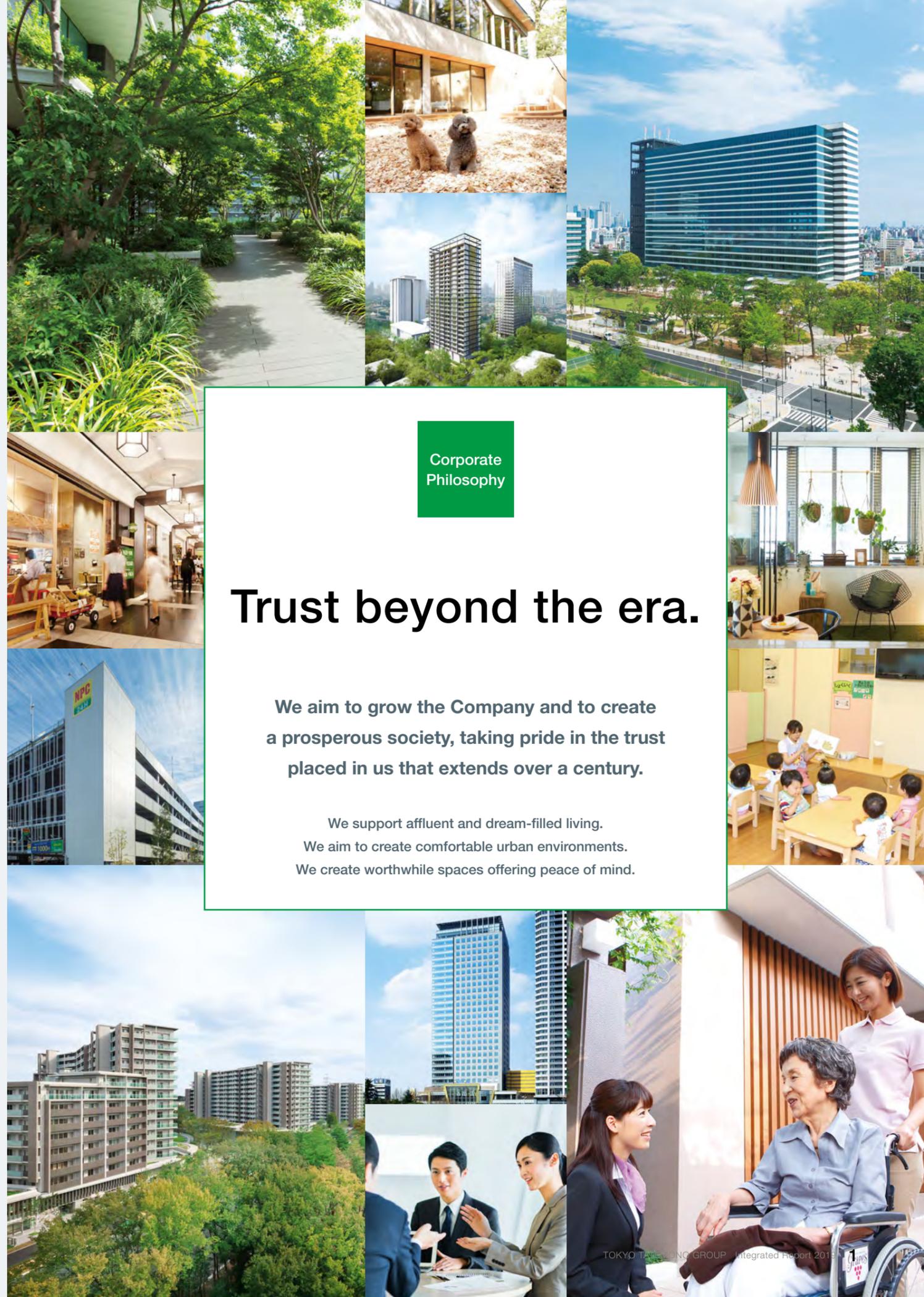
Referenced Frameworks

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 International Integrated Reporting Council'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.



Corporate
Philosophy

Trust beyond the era.

We aim to grow the Company and to create a prosperous society, taking pride in the trust placed in us that extends over a century.

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

Ongoing Quest of Tokyo Tatemono Inspired by the Founding Spirit



Founder Zenjiro Yasuda

Tokyo Tatemono founder Zenjiro Yasuda, who also established Yasuda Conglomerate, advocated a customer-first spirit and an enterprising spirit. Since our founding, this spirit has inspired us to overcome various challenges, and continues to do so, as a pioneer in modern real estate.

Trust beyond the era.

Tokyo Tatemono's history of more than 120 years is one of working together with all the people involved in urban development.

To transmit the trust we have fostered over these years beyond the era, we will harness our customer-first spirit as we strive to build more comfortable urban environments by swiftly responding to the needs and changes of the times.



Start as a pioneer in modern real estate

1896–1945

Tokyo Tatemono was established in 1896, more than 120 years ago, by Yasuda Conglomerate Founder Zenjiro Yasuda.

We were the first to commence real estate sales and purchases through installment sales, the original form of the residential loans of today, making large contributions to the invigoration of the real estate market.

Tokyo Tatemono was quick to expand overseas by launching residence and office building management and operation businesses in Tianjin and other parts of China.



Head office building

Growth together with people and the times

1946–1979

Aggressive expansion was pursued in the office buildings business amid the rise in demand for office buildings that accompanied economic growth in Japan. In 1979, we completed the Shinjuku Center Building through a massive construction project, creating a new landmark in the Shinjuku urban center.

The period of the so-called Japanese economic miracle saw a shortage in residential housing in Japan, prompting the Company to enter the residential condominium business. We also commenced a real estate brokerage business to respond to demand for land transactions related to condominiums, thereby



Shinjuku Center Building

growing as a comprehensive real estate company.

Fortifying of foundations with an eye to the 21st century

1980–2000

Capitalizing on our collective strength as a comprehensive real estate company, we won the right to participate in a redevelopment project around the east exit of Osaki Station amid intensifying competition to acquire land. This project culminated in the completion of Osaki New City in 1987, enabling us to acquire expertise in large-scale urban redevelopment projects.

We then moved on to undertake even more sophisticated challenges, such as developing condominiums with fixed-term leaseholds, earthquake-resilient condominiums, and Japan's first securitized real estate product.



Osaki New City

Diversification of businesses in response to diversifying values

2001–2011

As people's lifestyles and values became more diverse, we unified our previous condominium brands under the, at the time, new Brilia brand, which is based on the concepts of refinement and comfort, seeking to adapt the customer-first spirit that we have carried since our founding to the contemporary climate.

It was also at this time that Tokyo Tatemono branched out into new fields, developing operations in new areas such as commercial facilities, real estate funds, parking lots, senior services, and even overseas.



SMARK Isesaki

Urban development initiatives aimed at the future

2012–

Leveraging the expertise acquired thus far, Tokyo Tatemono proceeded to take part in numerous large-scale redevelopment projects.

Over the years, we have completed construction of such representative works as Nakano Central Park, Tokyo Square Garden, and The Otemachi Tower in the office buildings business and Brilia Tower Ikebukuro and Brilia Towers Meguro in the residence business.

Always conscious of the needs of people, society, and the environment, we will continue advancing forward-looking real estate development to contribute to the realization of a sustainable society.

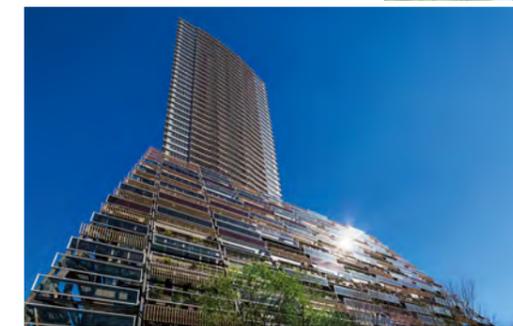


The Otemachi Tower

Tokyo Square Garden



Nakano Central Park



Brilia Tower Ikebukuro

1896
Tokyo Tatemono is established

1903
Opens Tianjin Branch in China

1907
Listed on the former Tokyo Stock Exchange

1929
Completes Tokyo Tatemono Building (current head office building of Tokyo Tatemono)

1949
Listed again on the Tokyo Stock Exchange

1952
Obtains building lots and buildings transaction business license

1964
Completes Yokohama Station West Exit Building

1966
Establishes new Tokyo Tatemono residential housing loans through collaboration with financial institutions

1979
Finishes Shinjuku Center Building

1980
Establishes Tokyo Tatemono Real Estate Sales Co., Ltd.

1987
Completes Osaki New City

1996
Celebrates 100th anniversary, introduces corporate philosophy and symbol

1997
Begins real estate syndication business

1998
Develops first securitized real estate product in Japan

2002
Lists Japan Prime Realty Investment Corporation on the Tokyo Stock Exchange

2003
Unifies condominium brands under Brilia brand

2004
Begins offering on-site tours of construction sites for all Brilia condominiums

2005
Commences first condominium business in Shanghai, China

2007
Completes Kasumigaseki Common Gate through private finance initiative project

2008
Finishes SMARK Isesaki large-scale commercial facility

2009
Opens Grapes Asakusa residential facility with services for senior citizens, enters senior business

2011
Converts Nihon Parking Corporation into Group company, enters parking lot business

2012
Completes Nakano Central Park proposing a new, green workstyle

2013
Develops Tokyo Square Garden as environmentally friendly building reaching the highest standards in Japan

2014
Completes Brilia Tama New Town, the largest subdivided condominium reconstruction project in Japan

2014
Constructs The Otemachi Tower to realize revitalization of urban areas and nature

2015
Completes Brilia Tower Ikebukuro, Japan's first high-rise condominium integrated with a main government building

2016
Establishes Tokyo Tatemono Kids Co., Ltd., enters child care business

2017
Completes Brilia Towers Meguro, an integrated development project creating a forest in front of Meguro Station



The Tokyo Tatemono Group contributes to the resolution of the issues of customers and society through its business activities: providing spaces in which people can spend a fulfilling time, whether spaces for work, living, or rest.

Hitoshi Nomura
Representative Director
President & Chief Executive Officer

Final Year of Tokyo Tatemono Group Medium-term Business Plan (2015–2019)

Performance at Tokyo Tatemono was brisk in the fiscal year ended December 31, 2018, as a result of the impressive performance of our mainstay Commercial Properties and Residence businesses. In the Commercial Properties Business, occupancy rates were full at practically all of our buildings, and we made good progress in revising rent rates. As for the Residence Business, smooth sales were seen in units in urban towers and in prime-location buildings connected to train stations in regional cities.

In the fiscal year ending December 31, 2019, the final year of Tokyo Tatemono Group Medium-term Business Plan, we are targeting consolidated operating income of ¥50.0 billion. When the plan was formulated, we initially intended to grow operations centered on our mainstay businesses while expanding our Real Estate Service, Senior, Leisure, and Overseas businesses. However, the favorable operating environment for the Commercial Properties and Residence businesses prompted us to increase our focus on these businesses, bringing the aforementioned target even closer within sight.

Meanwhile, trends in Japan, such as the aging of the population and women's increased participation in the workforce, are expected to expand the social needs for our Senior and Child Care businesses. In these businesses, we will leverage our expertise as a developer to provide value that is distinctive of the Tokyo Tatemono Group, in terms of not only quality products and other hard aspects but also excellent services and other soft aspects. We thereby hope to address these expanding social needs and subsequently achieve further earnings growth.

Strengths and Expertise Cultivated over Our Long History

Looking ahead, it can be anticipated that the overall population in Japan will decline. We also, however, expect that Tokyo will come to be equipped with various functions as an international city, resulting in increased amounts of people, commodities, and funds flowing into the city. We therefore believe that the primary area of operations for the Tokyo Tatemono Group going forward will be Tokyo and its surrounding metropolitan area. This area has already been the subject of much development, and the number of greenfield sites is therefore limited. When it comes to the prominent areas in the heart of Tokyo, it is incredibly rare for a promising property to hit the market. With this regard, the Tokyo Tatemono Group has a significant edge in that, over its more than 120-year history, it has long held properties in prime locations in the Yaesu, Nihonbashi, and Kyobashi districts around Tokyo Station. Centered on these properties, we have been aggressively taking part in large-scale redevelopment projects that incorporate the surrounding areas. Another important strength of the Tokyo Tatemono Group is the track record, experience, and expertise it has accumulated in large-scale redevelopment projects and area management practices that contribute to increased value throughout the surrounding areas. We are committed to exercising these strengths in the currently underway Hareza Ikebukuro Project and Type-1 Urban Redevelopment Project for Yaesu 1-Chome East Area in Front of Tokyo Station.

As for taking advantage of business opportunities, the finely tuned communication skills of our employees are another major strength. An example of these skills at work can be seen in Brillia Tama New Town, which, developed in 2013, was the largest subdivided condominium reconstruction project in Japan. We faced competition in earning the right to participate in this project, but we were chosen as the partner for the project by winning the trust of management associations and residents through close and ongoing communication with rights holders and

other relevant parties prior to the project's commencement. In this manner, not just the communication skills but also our employees themselves—who embody our corporate philosophy of "Trust beyond the era." and excel at building strong, trusting relationships with customers—are important strengths of the Tokyo Tatemono Group. If we can continue to leverage these strengths to respond accurately to customer needs, we will no doubt be able to keep capturing business opportunities going forward.

ESG Initiatives for Realizing a Sustainable Society

I believe that the role of the Tokyo Tatemono Group is to provide spaces in which people can spend a fulfilling time, whether spaces for work, living, or rest. Thus, a part of this role is to contribute to the resolution of the issues of customers and society through our business activities. Environmental, social, and governance (ESG) issues are an important part of accomplishing this objective. For this reason, the Group has long emphasized ESG in its management activities.

In regard to environmental initiatives, we are aggressively promoting the development of eco-friendly office buildings and residences in accordance with our Group Environmental Policy. Social initiatives, meanwhile, include cultivating workplace environments that are conducive to the efforts of diverse human resources, by means of such initiatives as workstyle innovations advanced through a united labor-management effort and health and productivity management practices. As for corporate governance, we always have four external directors, each of whom boasts a wealth of experience and insight and attend monthly meetings of the Board of Directors. These directors join me and the other seven internal directors in lively discussions geared toward the improvement of corporate value. We also strive to ensure that our corporate governance systems are rich in diversity as well as in experience and insight. For example, we welcomed our first female external Audit and Supervisory Board member in March 2019.

We are dedicated to the exhaustive practice of ESG management in order to resolve the issues faced by customers and society through our business activities and contribute to the realization of a sustainable society.

Initiatives for Achieving Long-Term Growth

We are currently moving ahead with discussions to formulate the next Medium-term Business Plan, which is scheduled to be announced in 2020. The Yaesu, Nihonbashi, and Kyobashi districts, where the Tokyo Tatemono Group owns numerous properties, are home to one of Japan's foremost concentrations of major companies. As these areas are a major proponent of the growth of the Japanese economy, enhancing the appeal and competitiveness of these areas will no doubt make substantial contributions to the heightening of our earnings power. For this reason, we have positioned urban development efforts in these areas as the backbone of our business plan.

Elsewhere, we see potential for the expansion of our operations in China and Southeast Asia, which are expected to experience population and economic growth going forward. Since entering the residential condominium business in Shanghai, China, in 2005, we have been moving forward with projects through collaboration with major Chinese developer China Vanke Co., Ltd. In the future, we intend to continue aggressively



developing our Overseas Business by forming relationships with local developers that are knowledgeable regarding the business practices and markets of their countries and by exercising our expertise as a Japanese developer, all while minimizing country and other risks.

We also recognize that technological progress will certainly bring about an era in which today's industries will have to fundamentally reinvent themselves. Based on this recognition, we are currently engaged in wide-ranging discussions on the vision for the future we should pursue by taking advantage of our strengths. Even junior employees are invited to express their ideas in these discussions, and no matter how strange their ideas may seem, we are careful not to dismiss them immediately as being unsuited to Tokyo Tatemono. We are thereby incorporating any and all insight with the potential to lead to new business opportunities into these discussions.

Furthermore, we realize that creating new possibilities requires us to look beyond the Company, collaborating with those outside of the organization through open innovation and other schemes. It was for this reason that we set up xBridge-Tokyo, a facility designed to support venture capital funds and business start-ups, in our head office. In addition, the City Lab TOKYO open innovation base aimed at developing sustainable cities and societies was established inside of Tokyo Square Garden. Through such initiatives, we aim to enhance the appeal and competitiveness of the Yaesu, Nihonbashi, and Kyobashi districts while also creating new business opportunities for Tokyo Tatemono.

Message to Readers of *Integrated Report 2019*

Prior to becoming CEO in 2017, I gained experience primarily on the front lines in the Commercial Properties, Residence, and Real Estate Service businesses. I therefore feel that my strength lies in my experience, expertise, and market awareness pertaining to a wide range of real estate fields. I am dedicated to continuously visiting the front lines going forward and practicing management that is always reflective of the circumstances on the front lines, in order to deliver services that satisfy our customers and to create comfortable workplace environments for our employees. I hope to actively utilize this, our first integrated report, through venues of communication with stakeholders to explain, as clearly and concisely as possible, our forward-looking initiatives and our long-term growth story. I hope we can look forward to your ongoing support and guidance as we advance into the future.

September 2019

Hitoshi Nomura

Representative Director
President & Chief Executive Officer

Value Creation Model of Tokyo Tatemono

As it seeks to accurately assess the ever-changing operating environment, the Tokyo Tatemono Group is practicing ESG management based on its corporate philosophy of “Trust beyond the era.” Through this approach, we will strengthen our competitiveness and enhance our various types of capital in order to create social value and thereby improve our economic value.

Operating Environment

Establishment and revision of regulatory and taxation systems

OPPORTUNITIES

- Increased opportunities to take part in redevelopment projects due to deregulation
- New business opportunities created through privatization

RISKS

- Long-term interest rate increases due to revision of government's low interest rate policy
- Diminished consumption appetite due to revisions to real estate and consumption taxes

Changes in demographics and family structures

OPPORTUNITIES

- Increased real estate revitalization business opportunities due to higher real estate stock
- Growth in demand for businesses catering to senior citizens as a result of population aging

RISKS

- Reduced real estate demand stemming from population aging, birth rate decline, and workforce contraction

Diversification and globalization of values and lifestyles

OPPORTUNITIES

- Business opportunities to be seized by responding to changes in workstyles and lifestyles
- Increased business opportunities in regional cities stemming from trend toward densely packed urban centers
- Higher demand in businesses catering to inbound travelers

Advancements in artificial intelligence, Internet of Things, and other digital technologies

OPPORTUNITIES

- Creation of new businesses through innovation
- Improved productivity achieved using technology

Climate change and natural disasters

OPPORTUNITIES

- Higher demand for businesses that are considerate to the environment
- Increased opportunities to take part in redevelopment projects in conjunction with city infrastructure building

RISKS

- Rising costs for addressing climate change risks
- Growing business continuity risks

The Tokyo Tatemono Group's Business Model

Business Domains ⇒ Starting on Page 18

Commercial Properties Business 	Residence Business 	Real Estate Service Business 	Other Businesses 
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Management Capital

Financial Capital	<p>Healthy financial base supporting business activities</p> <ul style="list-style-type: none"> Total assets: ¥1,451.5 billion Debt-to-equity ratio: 2.5 times Interest-bearing debt / EBITDA multiple: 12.7 times Rating from Japan Credit Rating Agency, Ltd.: A- / Stable 	Intellectual Capital	<p>Extensive expertise and comprehensive Group capabilities</p> <ul style="list-style-type: none"> Discerning eye for earnings opportunities Development capabilities for creating value Comprehensive Group capabilities enabling responses to various needs
Business Capital	<p>Long-term holding assets generating stable profits and short-term turnover assets producing development profits</p> <ul style="list-style-type: none"> Property and equipment and intangible assets: ¥883.2 billion Real estate held for sale: ¥283.4 billion 	Human Capital	<p>Diverse human resources</p> <ul style="list-style-type: none"> Non-consolidated number of employees: 616 Consolidated number of employees: 5,010
		Social and Relationship Capital	<p>Trust and brand fostered over more than 120-year history</p> <ul style="list-style-type: none"> Relationships with wide range of customers and extensive information routes Historic brand

Strengthening of Business Competitiveness **Enhancement of Various Types of Capital**

ESG Management ⇒ Starting on Page 31

Ongoing improvement of corporate governance and compliance	Establishment of comfortable workplace environments	Fostering of workplace environments conducive to contributions by diverse human resources	Environmental initiatives
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Targeted Social Value

Urban development for heightening the appeal of “TOKYO” as an international city



Urban development for fostering spaces in which anyone can be themselves



Urban development for creating sustainable cities that are considerate to the nature and the environment



If the Tokyo Tatemono Group is to achieve ongoing growth while responding to society's needs, it is crucial for it to continue to create value for society through its business activities. For this reason, it has designated those among the social issues to be resolved through its business activities that warrant particular attention as material issues. By identifying the link between our business activities and social issues, we have clarified the type of value that the Tokyo Tatemono Group should create. Addressing these material issues will be a priority in all of the Group's major businesses.



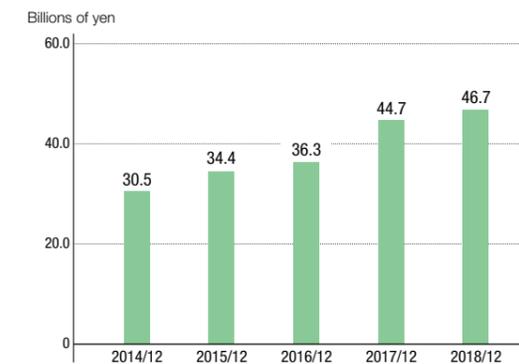
Economic Value Generated

As the Tokyo Tatemono Group creates social value through its business activities, it also generates economic value and thereby improves its corporate value.

Important Management Indicators

Operating Income

46.7 billion yen



ROE

7.9%



* Outlier resulting from recording of extraordinary income from gain on sales of fixed assets

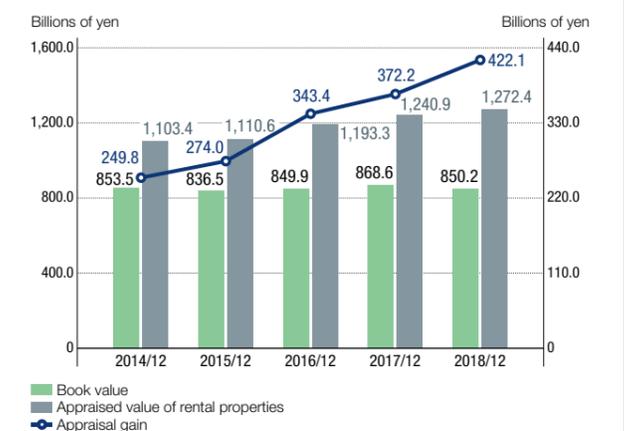
Debt-to-Equity Ratio

2.5 times



Appraisal Gain on Rental Properties

422.1 billion yen





Katsuhito Ozawa
 Director
 Executive Managing Officer &
 Chief Financial Officer

Performance in the Fiscal Year Ended December 31, 2018, and Progress of Tokyo Tatemono Group Medium-term Business Plan (2015–2019)

In the fiscal year ended December 31, 2018, we achieved steady growth in almost all businesses, posting operating income of ¥46.7 billion, a year-on-year increase of ¥2.0 billion and the first new high in 11 years. In addition, we positioned ourselves to achieve the target of consolidated operating income of ¥50.0 billion set for the final year of Tokyo Tatemono Group Medium-term Business Plan. Our two mainstay businesses—the Commercial Properties Business centered on the rental of office buildings and the Residence Business focused on sales of condominiums—both performed well. Meanwhile, our Real Estate Service Business achieved impressive growth in sales of properties to investors. The Company was thereby able to achieve increases in income in line with its expectations in these businesses, contributing to the strong overall performance.

As for other businesses, such as the Senior and Leisure businesses, we are taking steps to strengthen these businesses. However, the initial investments required ended up being higher than we expected, and income in these businesses has therefore been consistently lower than anticipated. However, these businesses are getting on track, with property numbers rising. We therefore expect them to begin contributing profits during the period of the next Medium-term Business Plan.

Tokyo Tatemono Group Medium-term Business Plan (2015–2019)

The Tokyo Tatemono Group aims to continue to be the leading choice.

Providing amazing value through innovative Group synergies

To continue being the leading choice of customers, we aim to deliver value filled with charm by carrying out business development that pursues quality products (hard aspect) and excellent services (soft aspect) through organic cooperation across a diverse range of businesses.

Quantitative Targets

Targets for the Fiscal Year Ending December 31, 2019

Consolidated operating income ¥50.0 billion

Target Financial Indicators

Debt-to-equity ratio 3.0 times

Interest-bearing debt / EBITDA multiple 13.0 times

Notes:

Debt-to-equity ratio = Consolidated interest-bearing debt ÷ Consolidated equity capital
 Interest-bearing debt / EBITDA multiple = Consolidated interest-bearing debt ÷ (Consolidated operating income + Consolidated interest and dividend income + Gain on equity-method investments + Consolidated depreciation + Consolidated amortization of goodwill)

STRATEGY 1

Strengthen services to continue being the leading choice

Strategy placing emphasis on the provision of quality services in each business to boost customer satisfaction

STRATEGY 2

Investments backed by uniqueness and strengths

Strategy devoting energy to areas and domains where the Group can leverage its know-how and superiority

STRATEGY 3

Execute Group synergies to deliver amazing value

Strategy emphasizing the delivery of amazing value through reinforcement of the value chain of each business and organic cooperation among the Group's diverse businesses

Utilizing these strategies, we will continue strengthening our earnings power by building a business portfolio with high growth potential.

Maintenance of a Healthy Financial Base

Maintaining a healthy financial base, I believe, is crucial to the Tokyo Tatemono Group. Should economic conditions deteriorate, such a financial base will enable the Group to stably operate its businesses and to seize promising investment opportunities. We are therefore implementing a financial strategy that aims to secure a healthy financial base through a balance between assets and liabilities. To this effect, the Medium-term Business Plan sets the targets of a debt-to-equity ratio of 3.0 times and an interest-bearing debt / EBITDA multiple of 13.0 times. In the fiscal year ended December 31, 2018, these indicators were 2.5 times and 12.7 times, respectively, indicating that we have been effectively controlling our finances with this regard. I feel that our current financial balance grants us sufficient resilience to a certain degree of market fluctuation.

Funding measures for ensuring a consistently healthy financial base include employing fixed interest rate schemes and longer procurement periods as well as diversifying funding sources. As one facet of these efforts, we floated an issue of ¥80.0 billion in publicly issued hybrid bonds in March 2019. The goal of this issuance was to boost financial health and capital efficiency. Equity credit rating certification has been acquired for ¥40.0 billion, or 50%, of the issue amount. We therefore anticipate that this capital will be highly viable in fortifying our financial base and supporting growth strategies from a medium- to long-term perspective.

Overview of Hybrid Bonds

	1st issue	2nd issue (green bonds)
Total issue amount	¥30.0 billion	¥50.0 billion
Payment date	March 15, 2019	
Maturity date	March 15, 2056	March 15, 2059
Interest payment date	March 15 and September 15 of every year	
Initial optional early redemption date	March 15, 2026	March 15, 2029
Optional early redemption	The Company may redeem the bonds early at its own discretion on any interest payment date on or after the initial optional early redemption date.	
Interest rate	Initial: 1.66% per annum	Initial: 2.15% per annum
	The coupon rate will step up on the day following the initial optional early redemption date.	
Optional deferral of interest payment	The Company may defer all or part of the interest payments at its own discretion on any interest payment date.	
Subordination	The bonds are ranked subordinate to the Company's general debts and senior to the common stock.	
Credit rating	BBB (JCR)	
Rated equity credit	An equity credit rating has been received from Japan Credit Rating Agency for 50% of the issued amount.	

It is not uncommon for liabilities to grow in tandem with business scale. From the perspective of financial health, we therefore realize the need to gradually lower the debt-to-equity ratio in response to medium- to long-term increases in the volume of liabilities. Going forward, we will continue to maintain an appropriate balance between assets and liabilities to constantly build a healthier and more robust financial base. We will, of course, not forget to practice risk management to prepare for market fluctuations as we engage in this undertaking.

revenues through means not requiring large amounts of assets, such as commissions. As we increase ROA in these ways, we will also focus on boosting earnings from sources that feature high asset turnover rates or which generate profits with minimal use of assets to adopt a business management approach that emphasizes capital efficiency.

Basic Shareholder Returns Policy

The Company's basic shareholder returns policy is to issue consistent dividends targeting a payout ratio of 30% while continuously growing business profits with an emphasis on improving earnings per share (EPS). The emphasis is a reflection of our dedication to increasing shareholder value through higher EPS.

Share buybacks may be conducted based on comprehensive evaluations of factors including our financial balance, cash flows, and stock price. Through such comprehensive evaluations, we judged that our stock price had dropped to a point that could not be overlooked during the period from the end of 2018 to the beginning of 2019. We therefore decided to conduct share buybacks with an upper limit of ¥10.0 billion in January 2019. Going forward, we will continue to carry out flexible financial measures while taking into account the operating environment, our performance, the balance between growth investments and financial health, and the Company's stock price.

Business Management Emphasizing Capital Efficiency

A common trait of real estate companies is how their consistently high levels of assets tend to prevent them from achieving significant levels of capital efficiency. Regardless, the Company is emphasizing capital costs in its business management with the aim of maintaining return on equity (ROE) of 8% or more over the medium to long term.

Specifically, we are increasing return on assets (ROA) through office building and other rental businesses, which form a core pillar of earnings, while also aggressively developing property sales businesses to increase asset efficiency (see the "Balanced Business Portfolio" section on page 16 for details). In the Commercial Properties Business, we will step up development of compact urban commercial facilities, urban hotels, and logistics facilities, and then stably operate or sell these assets as appropriate. Efforts in the Residence Business will include the ongoing supply of condominiums, primarily in urban centers; accelerated development of condominiums for lease; and sales to investors for growing overall profits together with the condominium business. Meanwhile, we will seek to fortify operations in the Real Estate Service Business, in which we heighten the value of real estate to be sold to investors. As for the real estate brokerage, parking lot, and asset management businesses, as well as other real estate businesses, we will seek to strengthen light asset and non-asset operations that generate

Message to Investors

I believe that our net asset value, the amount of our net assets measured at market value, is not properly being reflected in Tokyo Tatemono's stock price. This is a serious issue. One reason for this could be that we have failed to sufficiently communicate our policies, performance, and plans for the future.

This is our first time publishing an integrated report. This report contains information on the history of Tokyo Tatemono, its present state, and its basic policies for future business activities. I hope that this integrated report will help readers gain a deeper understanding of Tokyo Tatemono. Moving forward, we intend to provide even more thorough explanations and engage in more extensive discussions with investors with the aim of fostering greater understanding among investors and earning an accurate appraisal from the market. We look forward to your ongoing support and understanding as we progress forward.

Debt-to-Equity Ratio



ROE



* Outlier resulting from recording of extraordinary income from gain on sales of fixed assets

Dividends per Share / Payout Ratio



Earnings per Share



* Outlier resulting from recording of extraordinary income from gain on sales of fixed assets

Business Portfolio Policies

Balanced Business Portfolio

The Tokyo Tatemono Group manages its business portfolio in accordance with its business segments based on asset types (Commercial Properties, Residence, Real Estate Service, and Other businesses) as well as categories based on business characteristics (stock, property sales, and light asset and non-asset).

The relationship between the business segments and the business characteristic categories is as follows.



Future Directives

Stock	Ongoing growth will be pursued with a focus on organic growth. Further growth is anticipated after 2025 as a result of contributions from the gradual completion of large-scale redevelopment projects.
Property Sales	A balance will be maintained as growth is achieved by disbursing operations among asset types.
Light Asset and Non-Asset	The Tokyo Tatemono Group's expertise will be fully capitalized on to drive growth.

Projected State of Tokyo Tatemono around 2024 (Prior to Completion of Large-Scale Redevelopment Projects)

EBITDA of ¥80.0–¥90.0 Billion

EBITDA is expected to become a principal income indicator following the growth of the Overseas Business in which income is primarily recorded through investments in equity-method affiliates.

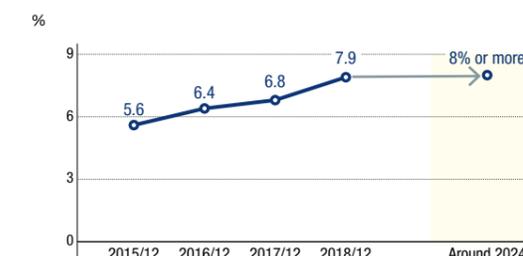
EBITDA



ROE of 8% or More

ROE will be increased steadily through the expansion of property sales businesses with high asset efficiency.

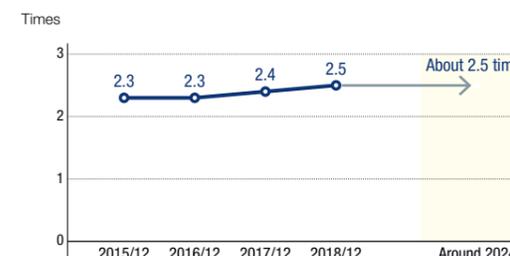
ROE



Current Debt-to-Equity Ratio Maintained

Financial health will be maintained through stringent selection of investments to ensure preparedness of the funding needs associated with future large-scale redevelopment projects.

Debt-to-Equity Ratio

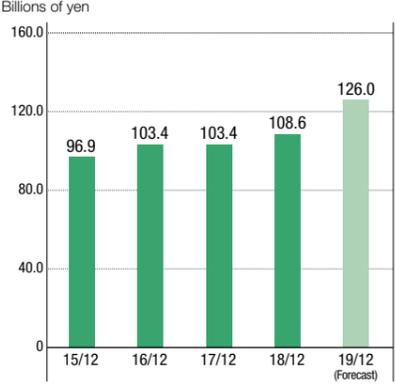
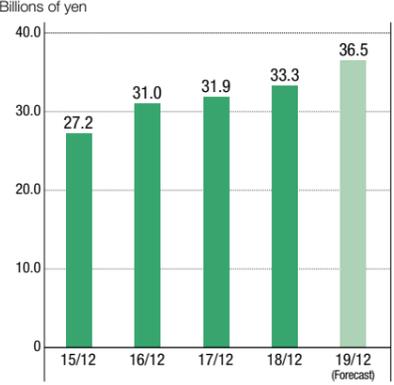
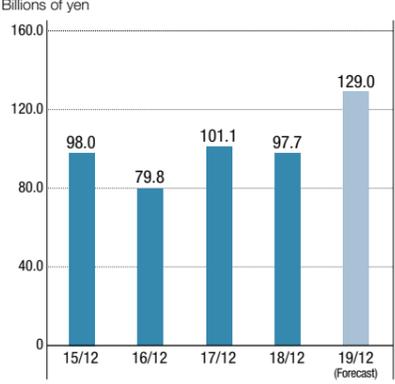
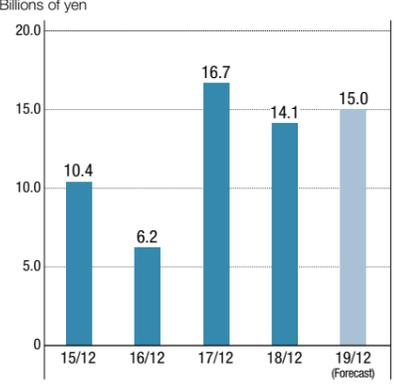
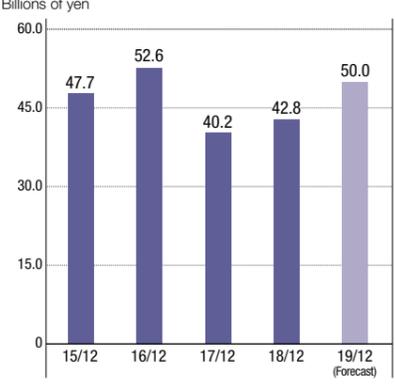
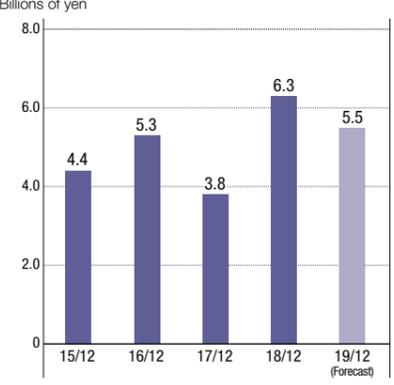
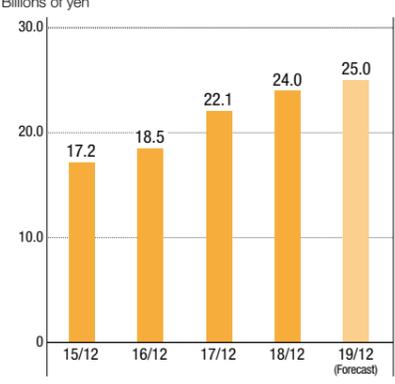


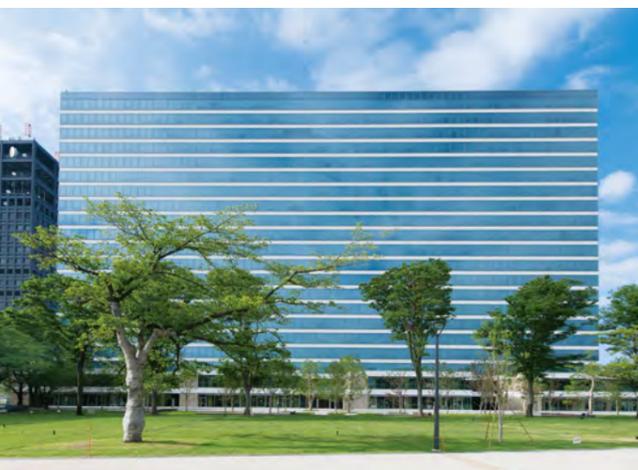
Basic Shareholder Returns Policy

As a basic policy, the Company will issue consistent dividends targeting a payout ratio of 30%. We intend to increase dividend payments in line with income growth going forward.

Payout Ratio



Business Segment	Revenue from Operations	Operating Income (Loss)	Major Businesses	Group Companies	Relevant Pages
 <p>Commercial Properties Business</p>	<p>Billions of yen</p> 	<p>Billions of yen</p> 	<ul style="list-style-type: none"> Office buildings Compact urban commercial facilities Urban hotels Logistics facilities 	<p>Tokyo Fudosan Kanri Co., Ltd. Tokyo Building Service Co., Ltd. Shinjuku Center Building Management Co., Ltd. PRIME PLACE Co., Ltd. Seishin Service Co., Ltd.</p>	P.20
 <p>Residence Business</p>	<p>Billions of yen</p> 	<p>Billions of yen</p> 	<ul style="list-style-type: none"> Residential condominiums Condominiums for lease 	<p>Tokyo Tatemono Amenity Support Co., Ltd. E-State Online Co., Ltd.</p>	P.24
 <p>Real Estate Service Business</p>	<p>Billions of yen</p> 	<p>Billions of yen</p> 	<ul style="list-style-type: none"> Real estate brokerage Rental property management Asset solutions 	<p>Tokyo Tatemono Real Estate Sales Co., Ltd. Japan Rental Guaranty Co., Ltd.</p>	P.26
 <p>Other Businesses</p>	<p>Billions of yen</p> 	<p>Billions of yen</p> 	<ul style="list-style-type: none"> Real estate development in China and emerging Asian countries Housing and nursing care services for senior citizens Child care facilities Resort hotels, public baths and spas, and golf courses Real estate investment products 	<p>Tokyo Tatemono (Shanghai) Real Estate Consulting Co., Ltd. Tokyo Tatemono Asia Pte. Ltd. Tokyo Tatemono Senior Life Support Co., Ltd. Tokyo Tatemono Staffing Co., Ltd. Tokyo Tatemono Kids Co., Ltd. Tokyo Tatemono Resort Co., Ltd. Tokyo Tatemono Investment Advisors Co., Ltd. Tokyo Realty Investment Management, Inc.</p>	<p>P.28 P.29 P.29 P.30 P.30</p>
			<p>Real Estate Service Business</p> <ul style="list-style-type: none"> Hourly and monthly parking lot rental 	<p>Nihon Parking Corporation Parking Support Center Corporation</p>	P.27



Nakano Central Park South

Business Activities

The Tokyo Tatemono Group conducts urban development and office building development and operation businesses centered on the international city of Tokyo while also providing facility operation, building and equipment management, and repair construction services. The Group is making concerted efforts to ensure that its office buildings exude quality in terms of the hard aspects and emanate a sense of safety, security, and comfort from the soft aspects that is clearly transmitted to the customers who use these buildings.

Operating Environment

Opportunities	Risks
<ul style="list-style-type: none"> Diversification of office needs in conjunction with changes in workstyles Demand for more sophisticated offices designed with consideration for human resource recruitment and retention, productivity improvements, and business continuity planning Increased opportunities to take part in large-scale redevelopment projects following deregulation 	<ul style="list-style-type: none"> Intensifying competition between areas Soaring construction costs due to labor shortages

Competitive Advantages

- Wealth of experience and expertise pertaining to large-scale redevelopment projects
- Noteworthy track record and exceptional tenant leasing capabilities in area management activities for raising area value
- Highly competitive portfolio comprising several office buildings surrounding Tokyo Station and in other prime locations

Future Strategies

- Realize organic growth by building strong relationships with tenants and raising rent rates
- Promote area management activities to raise the appeal of the Yaesu, Nihonbashi, and Kyobashi districts and other areas surrounding Company-owned buildings and thereby increase the competitiveness of Tokyo Tatemono
- Bolster earnings foundations through urban redevelopment projects in areas surrounding Tokyo Station and in other prime locations

Specific Initiatives

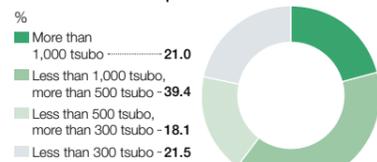
Realization of a Competitive Portfolio

Stock

Tokyo Tatemono's office building portfolio primarily comprises buildings that boast high competitiveness in terms of their proximity to major train stations, their relatively young age, and their size. The need for buildings to accommodate productivity

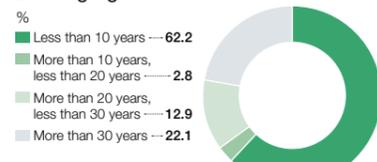
improvements and workstyle changes is expected to continue increasing going forward. Against this backdrop, the Company will pursue organic growth through swift tenant leasing and rent rate increases.

Breakdown of Rentable Space by Standard Floor Space

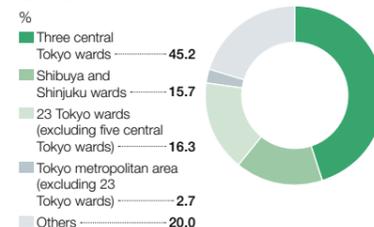


Note: 1 tsubo is approximately equal to 3.3 m².

Breakdown of Rentable Space by Building Age



Breakdown of Rentable Space by Location



Multiple Office Buildings Owned in Area Surrounding Tokyo Station

Stock

The area surrounding Tokyo Station is becoming a major hub for transportation and business in Japan as competition among areas within the country as well as with other international cities grows more intense. Tokyo Tatemono is focused on this area,

which is expected to see further growth going forward, and it possesses several office buildings and is engaged in multiple redevelopment projects therein.

Major Office Buildings Surrounding Tokyo Station (Including partial-stake holdings)

Office Buildings	Completion
1 JA Building / Keidanren-Kaikan	2009
2 Otemachi Financial City Grand Cube	2016
3 Otemachi Financial City North Tower	2012
4 The Otemachi Tower	2014
5 Nihonbashi TI Building	2012
6 Tokyo Tatemono Nihonbashi Building	2015
7 Tokyo Tatemono Yaesu Building	2011
8 Tokyo Tatemono Head Office Building	1929
9 Kyobashi Edogrand	2016
10 Tokyo Square Garden	2013
Projects under Development	Scheduled Completion
11 Type-1 Urban Redevelopment Project for Yaesu 1-Chome East Area in Front of Tokyo Station	2025
12 Yaesu 1-Chome North District Redevelopment Project (South Area)	2030



The Otemachi Tower

Tokyo Square Garden

Large-Scale Redevelopment Projects

Stock

Tokyo Tatemono is reinforcing its earnings foundations by aggressively advancing redevelopment projects in prime urban locations in order to develop highly competitive office buildings. We are currently moving ahead with several redevelopment projects in the area surrounding Tokyo Station, including the Type-1 Urban Redevelopment Project for Yaesu 1-Chome East Area in Front of Tokyo Station, which encompasses our head office. The Yaesu district is the entrance to the international city of Tokyo. By energizing this district through redevelopment, we aim to help boost Tokyo's international competitiveness while also heightening the asset value of Company-owned businesses.

11 Type-1 Urban Redevelopment Project for Yaesu 1-Chome East Area in Front of Tokyo Station

This project will involve building a large-scale bus terminal with routes to international airports and prefectural cities to enhance Yaesu's functionality as a transportation hub. The reinforcement of this district's functionality as an international nerve center will also be pursued through means such as establishing conference centers and medical facilities that can accommodate non-Japanese patients.



Promotion of Innovation in Yaesu, Nihonbashi, and Kyobashi Districts

Stock

Further elevating the status of Tokyo above rival international cities will require area management activities for heightening the appeal of areas. Based on this recognition, we have been moving forward with efforts to attract innovators and promote collaboration within the Yaesu, Nihonbashi, and Kyobashi districts in order to create an ecosystem of innovation within this area. For example,

the +OURS membership-based share office was opened in July 2017 to help realize diverse workstyles while xBridge-Tokyo was established in April 2018 to support the growth of business start-ups. Later, in December 2018, the City Lab TOKYO open innovation base was set up with the aim of developing sustainable cities and societies.



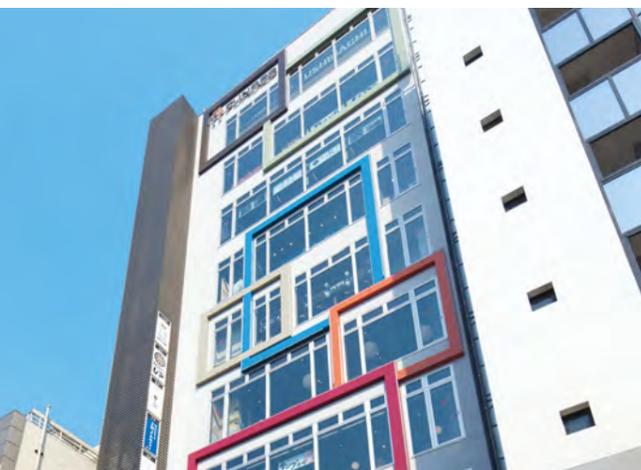
+OURS Yaesu



xBridge-Tokyo



City Lab TOKYO



FUNDES Ueno

Business Activities

The Tokyo Tatemono Group is engaged in businesses in which it develops various facilities and then sells these facilities to investors. Examples include commercial facilities and hotels for urban locations, medium-sized office buildings for regional cities, and logistics facilities that accommodate the needs seen near urban areas and in suburban areas. When undertaking such tasks in any given location, we assess the use needs of people living and working in the surrounding area as well as the relevant investment needs and tailor our efforts to the conditions and regional characteristics of the site in question.

Operating Environment

- | | |
|----------------------|---|
| Opportunities | <ul style="list-style-type: none"> • Growth of markets related to inbound travel to Japan • Expansion of e-commerce market |
| Risks | <ul style="list-style-type: none"> • Intensified competition resulting in changes to site acquisition climate • Changes in real estate investment market leading to investment market stagnancy |

Competitive Advantages

- Wide-ranging information routes formed through intra-Group cooperation as well as collaboration with financial institutions and current business partners
- Development track record and expertise and strong tenant sourcing capabilities pertaining to diverse asset types

Future Strategies

- Leverage information routes to acquire new properties in order to take part in a wider range of development opportunities
- Develop commercial facilities and urban hotels in highly prosperous areas, medium-sized office buildings in high-convenience areas, logistics facilities in coastal and suburban areas, and other properties that match location characteristics and demand, regardless of whether in urban or suburban areas
- Generate development profits by flexibly selling properties based on market conditions and performance after development

Specific Initiatives

Expansion of Assets for Sales to Investors

Property Sales

The Tokyo Tatemono Group leverages its extensive information routes to take part in diverse development opportunities, in order to plan and develop properties matched to the pertinent location conditions, regional characteristics, and use and investment needs. We are steadily expanding our asset portfolio through the development of urban hotels eyeing the rise in inbound travel demand, logistics facilities catering to the growing e-commerce market, and other properties. After these properties have been developed and operated for a certain period, it is our policy to sell them to investors based on a comprehensive evaluation of factors including real estate market conditions and the Company's performance.

Real Estate for Sale in Commercial Properties Business



Compact Urban Commercial Facilities

Property Sales

The FUNDES series of compact urban commercial facilities is rooted in communities to provide convenience and joy in terms of food and entertainment that cannot be found elsewhere. FUNDES Ueno, for example, is a facility designed to provide enjoyment to various customers, ranging from business people to tourists, as a new spot of interest in the Ueno area.

Compact Urban Commercial Facilities

Area	Facility	Completion / Scheduled Completion
Suidobashi	FUNDES Suidobashi	Jul. 2015
Jimbocho	FUNDES Jimbocho	Nov. 2016
Ueno	FUNDES Ueno	Jul. 2017
Tenjin (Fukuoka)	TENJIN249	Jul. 2018
Gotanda	FUNDES Gotanda	Jul. 2019
Ginza	FUNDES Ginza	Nov. 2019



FUNDES Jimbocho



FUNDES Ginza (conceptual drawing of exterior)

Urban Hotels

Property Sales

Tokyo Tatemono is moving ahead with the development of urban hotels in both the heart of Tokyo and in major regional cities where it can anticipate significant use for business purposes as well as for inbound and other travel purposes. Rather than operating these hotels directly, the Company employs a scheme in which the buildings are rented to operators over extended periods of time after development. In addition, we take steps to mitigate operating risks by researching the location-opening needs of hotel operators when examining possible site acquisitions while stabilizing cash flows to make these properties appealing acquisitions to Japanese real estate investment trusts (REITs) and other investors.

Urban Hotels

Area	Hotel Name	Hotel Operator	Guest Rooms	Completion / Scheduled Completion
Roppongi	Candeo Hotels Tokyo Roppongi	Candeo Hospitality Management, Inc.	149	Sept. 2017
Ginza	The Square Hotel Ginza	Solare Hotels and Resorts Co., Ltd.	182	Aug. 2018
Asakusa	Hotel Gracery Asakusa	Fujita Kanko Inc.	125	Sept. 2018
Midousuji	the b osaka midousuji	Ishin Hotels Group Co., Ltd.	306	Feb. 2019
Omiya	Candeo Hotels Omiya (provisional name)	Candeo Hospitality Management, Inc.	321	Aug. 2019
Sanjo, Kyoto	To be decided	To be decided	122	Dec. 2019
Shijo, Kyoto	To be decided	To be decided	106	Spring 2021
Sanjo, Kyoto	To be decided	To be decided	To be decided	To be decided



Candeo Hotels Omiya (provisional name, conceptual drawing of exterior)

Logistics Facilities

Property Sales

The need for suburban logistics facilities is rising in tandem with the growth of the e-commerce market, and logistics facilities have thus become appealing targets of investment. In response to these trends, Tokyo Tatemono is advancing logistics facility development operations founded on its expertise.

Logistics Facilities

Type	Name	Scheduled Completion
Logistics facility	Kuki Logistics Center Project (provisional name)	Fall 2020
Logistics facility	To be decided (Location: Ayase City, Kanagawa Prefecture)	To be decided
Logistics facility	To be decided (Location: Akiruno City, Tokyo)	To be decided



Kuki Logistics Center Project (provisional name, conceptual drawing of exterior)



Brillia Towers Meguro

Business Activities

In its Residence Business, the Tokyo Tatemono Group develops residential condominium and condominium for lease operations, primarily in the Tokyo metropolitan area, under its Brillia brand, which is based on the concepts of refinement and comfort. Handling everything from planning and development to management, repair, renovation, and brokerage, we offer a comprehensive lineup of services that contribute to more comfortable lives for customers through a unique framework enabling us to deliver high-quality residences.

Brillia

Operating Environment

- | | |
|----------------------|--|
| Opportunities | <ul style="list-style-type: none"> • More sophisticated and varied customer needs arising from the diversification of lifestyles • Increased emphasis on convenience due to rise in dual-income families and individuals living alone • Trend toward more compact cities following population outflux from cities |
| Risks | <ul style="list-style-type: none"> • Rising land costs due to intensified site acquisition competition as well as higher construction costs stemming from increases in material and labor costs • Contraction of residential condominium market due to domestic population decline |

Competitive Advantages

- Reputation as No. 1 in customer satisfaction in Japan and unparalleled brand image in the domestic market
- Wealth of experience and expertise in large-scale redevelopment and reconstruction projects
- Service supply system integrating production, sales, and management

Future Strategies

- Focus on profit margins as opposed to units supplied and carefully select sites for investment for which strong demand can be anticipated due to convenience of location or other characteristics
- Devote attention to redevelopment and reconstruction projects to secure competitive properties while avoiding paying high prices
- Accelerate development of compact condominiums for lease in urban centers and flexibly sell such condominiums to investors after operation commences

Specific Initiatives

Brillia Condominium Brand Based on Refinement and Comfort

Property Sales

Under the Brillia brand, we have an extensive track record of development and supply in the heart of Tokyo. We provide Brillia brand condominiums together with services spanning from planning and development to management, repair, brokerage, renovation, and life support. We have won great praise for initiatives such as construction site tours in which condominium unit

contract holders are able to visit the actual site of construction of their condominiums. Tokyo Tatemono has thereby been able to achieve an unparalleled brand image in the domestic market, as indicated by its being ranked No. 1 in both 2017 and 2018 for new condominiums in the Tokyo metropolitan area in the Oricon Customer Satisfaction Survey.

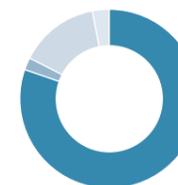
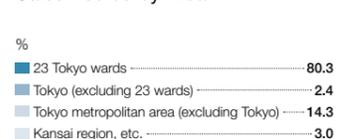
Development of Residential Condominiums Emphasizing Convenience and Quality

Property Sales

Tokyo Tatemono's site acquisition policy calls for us to adopt a stringent approach, focusing on urban centers while elsewhere acquiring sites only in highly convenient locations, such as around train stations. Meanwhile, we aspire to provide

high-quality residences through a service supply system integrating production, sales, and management in order to meet the ever-more sophisticated and diverse needs of customers.

Distribution of Condominium Sales Posted by Area



Condominium sales posted in 2018: 988 units

Condominium Sales Posted / Gross Margin



Redevelopment and Reconstruction Projects

Property Sales

Tokyo Tatemono is turning its attention to redevelopment and reconstruction projects in light of the need for urban redevelopment in such areas as those with dense concentrations of wooden structures and of the rising reconstruction demand associated with the increased number of aged condominiums. However, redevelopment and reconstruction projects require consent from land owners and tenants. Accordingly, these

projects are often more difficult and require longer time frames than projects conducted on newly acquired sites. Nevertheless, we are committed to utilizing our experience and expertise as a developer to secure participation in highly competitive projects.



Brillia Tama New Town



Brillia Tower Yokohama Higashikanagawa



Minato Ward Kaigan 1-chome Reconstruction Project (conceptual drawing of exterior)

Development of Condominiums for Lease Capitalizing on Brand Image

Property Sales

Stock

Amid rising living and investment demand for condominiums for lease in urban centers, Tokyo Tatemono is accelerating the development of Brillia ist brand condominiums for lease. With the exception of certain large-scale lease condominium projects, it is our policy to sell properties to investors after they have been operated for a certain amount of time based on comprehensive consideration of factors including trends in the real estate market and in the Company's performance.

Condominiums for Lease (to Be Sold to Investors)

Name	Units	Completion / Scheduled Completion
Brillia ist Kitazawa KEYAKI	44	Aug. 2008
Brillia ist Nishiiazabu Kasumicho	21	Jul. 2008
Brillia ist Nakano Central Park Residence	17	May 2012
Brillia ist Nakano Shinbashi	42	Apr. 2016
Brillia ist Ueno Okachimachi	33	Nov. 2017
Brillia ist Kiyosumi Shirakawa	47	Jan. 2018
Brillia ist Yotsuya Honshiocho	85	Jun. 2018
Brillia ist Bunkyo Myogadani	43	Feb. 2019
Brillia ist Sendagaya	149	May 2019
Nishigahara 1-chome Project (provisional name)	75	Jan. 2020
Ryogoku 1-chome Project (provisional name)	85	Mar. 2020
Akebonobashi Station Front Project (provisional name)	52	Apr. 2020
Taihei 4-chome Project (provisional name)	41	Oct. 2020
Motoasakusa 1-chome Project (provisional name)	49	Dec. 2020
Ohashi 2-chome Project (provisional name)	Approx. 200	Sept. 2023



Brillia ist Kiyosumi Shirakawa



Business Activities

The Tokyo Tatemono Group conducts wholesale brokerage to respond to the real estate needs of corporate customers, retail brokerage to help with the relocation of individual customers, asset solution operations in which it raises the value of acquired real estate for resale, and rental property management through which it manages lease condominiums and rental offices on behalf of owners.

Operating Environment

Opportunities	<ul style="list-style-type: none"> Increased real estate transactions due to higher real estate stock Growth in real estate investment demand due to low interest rates Rise in corporate real estate strategy (strategies for maximizing the utilization of real estate owned by companies) needs for improving capital efficiency
Risks	<ul style="list-style-type: none"> Diminished real estate purchase appetite due to soaring real estate prices, economic recession, or rising interests

Competitive Advantages

- Relationships with customers and financial institutions and discerning eye for real estate cultivated over years of operation
- One-stop solution services leveraging resources of the Tokyo Tatemono Group

Future Strategies

- Utilize information routes to proactively research customer needs and thereby increase transaction numbers and amounts
- Leverage discerning real estate eye to acquire properties with value improvement potential and to flexibly sell properties in response to market conditions

Specific Initiatives

Enhancement of Brokerage Operations

Light Asset and Non-Asset

We are utilizing the strong relationships with customers and financial institutions cultivated over years of operation of the Group's various businesses to enhance our wholesale brokerage operations targeting corporate customers. As for retail brokerage

operations aimed at individual customers, we are opening brokerages in areas where Tokyo Tatemono has supplied several condominiums to capitalize on secondary distribution brokerage opportunities.

Development of Asset Solution Operations

Property Sales

Capitalizing on its discerning eye for real estate—the ability to comprehensively judge the value of properties cultivated over years of experience—Tokyo Tatemono seeks to acquire properties with the potential for increased value. We then take steps to improve the value of these properties through repurposing, repairs, renovations, rights consolidation, rent condition improvements, or other measures, after which the properties are sold to investors. These acquisitions and sales are conducted flexibly based on accurate appraisals of the real estate market.

Real Estate for Sale in Asset Solution Business

Billions of yen



Business Activities

The Tokyo Tatemono Group has developed and operates over 68,000 parking spaces in 1,700 locations across Japan, primarily under its NPC24H brand. By taking into account the surrounding location, the area of the site, and other conditions, we are able to design and deliver the optimal parking lot.



NPC24H Tachikawa Midoricho No. 2 Parking

Operating Environment

Opportunities	<ul style="list-style-type: none"> Increased opportunities to operate large-scale parking lots in conjunction with large-scale redevelopment projects Improvements in efficiency and to services in parking lot operations due to advancements in Internet of Things technologies
Risks	<ul style="list-style-type: none"> Expansion in sales and repurposing of parking lots by landowners due to rising land prices

Competitive Advantages

- Experience and expertise in developing and operating large-scale self-park parking structures
- Investment and development capabilities pertaining to parking lot facilities and systems leveraging scale as No. 3 domestic pay-by-the-hour parking lot business operator

Future Strategies

- Efficiently grow business scale through aggressive investment in large-scale parking lots
- Bolster competitiveness by developing and introducing new systems that contribute to improved operating efficiency and customer service

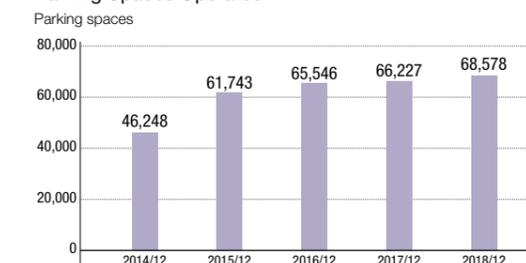
Specific Initiatives

Aggressive Investment in Large-Scale Parking Lots

Light Asset and Non-Asset

Nihon Parking Corporation employs a business model in which it rents land from customers to utilize it effectively on their behalf in addition to a business model whereby it develops and operates parking lots using its own land and buildings. We boast highly sophisticated expertise regarding large-scale self-park parking structures. One of the focuses of Nihon Parking is thus to acquire facilities with room for improvement in terms of operating procedures and then utilize its unique ingenuity to boost profitability.

Parking Spaces Operated



Development and Introduction of New Systems

Light Asset and Non-Asset

Leveraging our scale as the No. 3 domestic pay-by-the-hour parking lot business operator, we are developing and introducing various unique systems at parking lots, including advanced reservation systems and cashless payment systems. The Group

is also proactively embracing other services that can contribute to increased customer convenience through means such as partnering with car sharing and point card business operators and installing delivery boxes.



Dharmawangsa Project (conceptual drawing of exterior)

Business Activities

The Tokyo Tatemono Group has established overseas subsidiaries in Shanghai and Singapore, through which it is advancing residential condominium operations in China through collaboration with major Chinese developer China Vanke Co., Ltd., as well as real estate development operations in emerging ASEAN countries with substantial growth potential.

Operating Environment

- Opportunities**
- Rise in middle-income and wealthy individuals due to strong economic growth in Asian countries
 - Higher number of companies seeking aid from Japan and increased government support for incorporating foreign capital
- Risks**
- Changes in economic and political conditions, implementation of stricter real estate regulations

Competitive Advantages

- Robust development track record and relationship spanning for more than a decade with major Chinese developer China Vanke
- Wealth of real estate development expertise and high-quality condominium development experience accumulated in Japan

Future Strategies

- Collaborate with prominent developers that are knowledgeable regarding the business practices and markets of their respective countries
- Limit scope of operations to Asia, dispatch employees to locations of operation, and practice rigorous risk management
- Ramp up investments centered on residences featuring relatively short business cycles and few operating environment risks

Specific Initiatives

Business Development through Collaboration with Local Companies

Property Sales

The Tokyo Tatemono Group has been involved in the development of residential condominium operations in China together with major Chinese developer China Vanke for more than a decade. Going forward, we will continue to invest in Tier 2 and

Tier 3 cities in China, which feature solid demand. Meanwhile, in the ASEAN region, we will adhere to a policy of carefully selecting investment targets for which we can anticipate high demand while strengthening relationships with local developers.

Projects in China

Name	Main Uses	Completion / Scheduled Completion
Shenyang Tomorrow Square Project	Residence, commercial, office	2013
Qingdao Project	Residence, commercial	2015
Yangzhou-Kita Project	Residence, commercial	2016
Xuzhou Qiaohu Project	Residence	2019
Yangzhou-Minami Project	Residence, commercial	2019
Yangzhou-Higashi Project	Residence, commercial	2021
Yinchuan Jinfeng Project	Residence, commercial	2021
Jiaying Tongxiang Project	Residence	2020

Projects in ASEAN Region

Location	Name	Main Uses	Scheduled Completion
Singapore	Singapore CPF Building Redevelopment Project	Office	2020
Yangon, Myanmar	Former Site of Yangon Military Museum Redevelopment Project	Office, commercial, hotel	2021
Bangkok, Thailand	Sukhumvit 26 Project	Residence	2021
Bangkok, Thailand	Sathorn 12 Project	Residence	2022
Bangkok, Thailand	Sukhumvit 38 Project	Residence	2023
Jakarta, Indonesia	Dharmawangsa Project	Office, residence	2021
Jakarta, Indonesia	Loggia Project	Residence	2022

Specific Initiatives

Senior Business

Light Asset and Non-Asset

The population aging in Japan is stimulating growth in demand for residences for senior citizens. Against this backdrop, we are capitalizing on the high-quality residence development expertise cultivated over our years of developing Brillia brand condominiums to build and operate residential facilities with services for senior citizens and private nursing homes under the Grapes brand.

In 2018, the Group established a nursing care service dispatch company and took steps to increase its recruitment capabilities, thereby furnishing the frameworks needed to consistently provide services. In addition, the Kita-Aoyama 3-chome District Redevelopment Private Venture Project (provisional name) currently under development is scheduled for completion in May 2020. This integrated development project entails the construction of rental housing, residences for senior citizens, and child care facilities on the site of the former Toei Aoyama Kitamachi Apartment grounds in Kita-Aoyama, Minato Ward, Tokyo.



Grapes Setagayachitosedai



	Private Nursing Homes	Units	Completion
1	Adonis Plaza Omiya	45	Jan. 2000
2	Sans Souci Kita-Urawa	69	Aug. 2004
3	Sans Souci Owada	53	Nov. 2012
4	Grapes with Yotsuya	48	Aug. 2017

	Residences with Services for Senior Citizens	Units	Completion / Scheduled Completion
1	Grapes Asakusa	98	Dec. 2009
2	Grapes Fujimino	86	Oct. 2013
3	Kosha Heim Chitose Karasuyama	86	Feb. 2014
4	Grapes Garden Nishi-arai Daishi	62	Aug. 2014
5	Grapes with Omori-nishi	56	Dec. 2014
6	Grapes J Higashi Ikebukuro	51	Dec. 2014
7	Grapes Felicity Totsuka	97	Jan. 2015
8	Grapes Kawasaki Shinmachi	69	Mar. 2015
9	Grapes Season Totsuka	74	Nov. 2015
10	Grapes Tsujido Nishikaigan	158	Aug. 2016
11	Grapes Tateishi	96	Jan. 2017
12	Grapes Yoga	120	Mar. 2017
13	Kosha Heim Hirao	65	Mar. 2017
14	Grapes Shonantsujido	70	Jul. 2017
15	Grapes Setagayachitosedai	83	Aug. 2017
16	Kita Aoyama 3-chome District Redevelopment Private Venture Project (provisional name)	49	May 2020

Child Care Business

Light Asset and Non-Asset

The Tokyo Tatemono Group entered the Child Care Business in 2016 in light of mounting needs for child care services accompanying women's increased participation in the workforce and the rise in dual-income households, such as those represented by the increase of children on child care facility waiting lists becoming a social problem. Supported by robust demand and government aid, we have been able to achieve smooth growth in facility numbers, opening 11 facilities in the just three years.

The Group is also pursuing synergies between its Child Care Business and other businesses, an example of which being the establishment of Small-Scale Day Care Center Ohayo Child Care Oyamanishicho in the Brillia Oyama Park Front residential condominium facility in April 2019.



Ohayo Child Care Nishi-sugamo

	Name	Business Model	Capacity	Opening / Scheduled Opening
1	Ohayo Child Care Mitsuzawa Shimocho	Child care business led by company	15	Apr. 2017
2	Ohayo Child Care Yokohama Negishi	Yokohama City small-scale child care business	15	Apr. 2017
3	Ohayo Child Care Minami-sunamachi	City-authorized day care center in Tokyo	80	Apr. 2018
4	Ohayo Child Care Nishi-sugamo	City-authorized day care center in Tokyo	47	Apr. 2018
5	Ohayo Child Care Shiinamachi	City-authorized day care center in Tokyo	20	Apr. 2018
6	Ohayo Child Care Omorimachi	City-authorized day care center in Tokyo	54	Apr. 2018
7	Ohayo Child Care Hanasakicho	City-authorized day care center in Yokohama City	58	Apr. 2018
8	Ohayo Child Care Machinoma Omori	City-authorized day care center in Tokyo	50	Apr. 2019
9	Small-Scale Day Care Center Ohayo Child Care Oyamanishicho	City-authorized, small-scale day care center in Itabashi Ward	19	Apr. 2019
10	Ohayo Child Care Kiyosumi Shirakawa	City-authorized day care center in Tokyo	60	Apr. 2019
11	Ohayo Child Care Kameido	City-authorized day care center in Tokyo	45	Apr. 2019
12	Ohayo Child Care Sekimachiminami (provisional name)	City-authorized day care center in Tokyo	34	Apr. 2020

Leisure Business

Light Asset and Non-Asset

As lifestyles grow more diverse and consumers increasingly choose to spend their money on experiences as opposed to goods, the Tokyo Tatemono Group is developing and operating resort hotels and public baths and spas while also operating golf courses and providing related consulting services.

One of our offerings in this area is our Regina Resort with DOGS line of pet-friendly hotels. Launched in 2013 in response to the recent boom in pet ownership, these hotels feature facilities and services on a par with luxury hotels, while allowing guests to be accompanied by their dogs in all rooms and all areas. Regina Resort with DOGS hotels have proven incredibly popular among wealthy dog owners, driving smooth growth in the number of these hotels.



	Regina Resort with DOGS Hotels	Guest Rooms	Opening
1	:Regina Resort Fuji	21	Nov. 2013
2	:Regina Resort Hakone Ungaiso	10	Jul. 2014
3	:Regina Resort Izu Murin	8	Mar. 2016
4	:Regina Resort Karuizawa Mikage Yosui	26	Jul. 2016
5	:Regina Resort Tateshina	23	May 2017
6	:Regina Resort Kyu-Karuizawa	26	Nov. 2017
7	:Regina Resort Biwako Nagahama	15	Jun. 2018
8	:Regina Resort Kamogawa	25	Jul. 2018
9	:Regina Resort Hakone Sengokuhara	22	Oct. 2018



	Bathing and Spa Facilities	Opening / Scheduled Opening
1	:Ofuro no Osama Higashi Kurume	Jul. 2001
2	:Ofuro no Osama Shiki	Jan. 2003
3	:Ofuro no Osama Konandai	Mar. 2005
4	:Ofuro no Osama Hana Koganei	Nov. 2006
5	:Ofuro no Osama Tama Mogusa	Jul. 2008
6	:Ofuro no Osama Oomachi	Mar. 2011
7	:Ofuro no Osama Ebina	Acquired in Feb. 2014
8	:Ofuro no Osama Seya	Acquired in Feb. 2014
9	:Ofuro no Osama Kouza-Shibuya Ekimae	Acquired in Feb. 2014
10	:Ofuro no Osama Machida	Jun. 2015
11	:Ofuro no Osama Wako (provisional name) :(Wako City Hirosawa Complex Development and Operation Project)	Dec. 2021

	Golf Courses
1	:Kawaguchiko Country Club
2	:J-Golf Tsurugashima
3	:River Fuji Country Club
4	:Holon Golf Club
5	:J-Golf Kasumigaura
6	:Byron Nelson Country Club
7	:Miyako Golf Club
8	:Washu Golf Club
9	:Tojo Golf Club
10	:Akasaka Country Club
11	:Tohnosho Golf Club
12	:Shirakawa Kogen Country Club



Kawaguchiko Country Club



Regina Resort Karuizawa Mikage Yosui



Ofuro no Osama Oomachi

Real Estate Fund Business

Light Asset and Non-Asset

The Tokyo Tatemono Group provides various real estate investment products to respond to the growing real estate investment market. These products are offered through Tokyo Tatemono Private REIT, Inc. as well as through private funds and Japan Prime Realty Investment Corporation (JPR), which became the fifth J-REIT listed on the stock market in 2002.

In this business, we are expanding our asset portfolio by using our discerning eye for real estate to acquire promising properties while improving the quality of this portfolio through strategic asset replacements. At the same time, the Group offers contract fund management and property services with the aim of securing stable income in the form of management fees.



日本プライムリアルティ投資法人

As of December 31, 2018
Assets under Management
Japan Prime Realty
Investment: ¥435.0 billion
Private REITs: ¥51.0 billion



Olinas Tower

ESG Initiatives

- 32 Environmental Initiatives
- 37 Social Initiatives
- 43 Corporate Governance
- 46 Risk Management
- 47 Compliance
- 48 Directors, Audit and Supervisory Board Members, and Managing Officers

Environmental Initiatives



Basic Policy and Stance

The Tokyo Tatemono Group has formulated the Group Environmental Policy to guide it in the development of management structures matched to the characteristics of each of its businesses and in contributing to building a sustainable society through business activities that consider the environment.

Creation of a pleasant city and coexistence with greenery

We will create a rich and comfortable environment for society and the planet alike by utilizing the strength of greenery as much as possible with consideration to biodiversity.

Climate change prevention that leads the community

We will actively incorporate technologies and ideas that are considerate to the environment into our products and services to lead the community in building low-carbon cities.

Resource-saving activities that are kind to the earth

We will strive to reduce the use of resources and environmental impact through all available opportunities and contribute in creating a recycling-oriented society.

Development of employees with high environmental awareness

We will comply with laws related to the environment and educate and raise the awareness of our employees about the environment.

Established January 2011

Environmental Management

In the Commercial Properties Business, we have formulated an environmental execution plan, based on which we implement daily energy-saving activities.

We actively adopt environmental energy-saving technologies in the development of new buildings for the purpose of building environmentally friendly buildings lauded by society. In existing buildings, we promote energy savings by strategically upgrading the buildings with energy-saving equipment in addition to efforts

to save energy from an operational perspective and reduce the environmental impact with the help of tenants.

Moreover, in the reduction of energy consumption, we have defined unit consumption based on floor area as an indicator and set a 1% unit reduction every year on a moving average basis over five years as a target in accordance with the Act on Rationalizing Energy Use (per unit basis also applies to greenhouse gas emissions).

Environmental Execution Plan

Field of Initiative	Target
1. Energy savings through development	Acquire one of the top two levels in either certification or recertification for the third-party certifications listed in (1) to (3) in new long-term retention buildings; if the certification has already been acquired, the certification shall be maintained and acquired through subsequent certifications. (1) 4 or 5 stars in the DBJ Green Building Certification* ¹ (2) S-rank or A-rank in the CASBEE for Buildings (New Construction)* ² (3) 4 or 5 stars in the BELS Energy Efficiency Certification* ³
2. Energy savings through renewal and operational improvements	Energy reduction target: Reduce the moving average over five years by 1% unit load each year as a crude oil equivalent

Field of Initiative	Target
3. Promotion of recycling waste	Waste reduction target: Reduce the unit load of waste emissions 5% by the fiscal year ending December 31, 2022, compared with the fiscal year ended December 31, 2017 (equivalent to 1% reduction each year)
4. Water-saving measures	Water reduction target: Reduce the unit load of water 5% by the fiscal year ending December 31, 2022, compared with the fiscal year ended December 31, 2017 (equivalent to 1% reduction each year)
5. Measures to prevent global warming	Greenhouse gas emission reduction target: Reduce the moving average over five years by 1% unit load each year

*1 The DBJ Green Building Certification is a system established by the Development Bank of Japan to evaluate initiatives for environmental and social awareness of real estate.
*2 CASBEE for Buildings (New Construction) is a system to evaluate the energy savings and environmental impact of buildings in general, excluding detached housing, based on the design at the time of new construction. This system is managed by the Japan Sustainable Building Consortium and Institute for Building Environment and Energy Conservation.
*3 The BELS Energy Efficiency Certification is a system to evaluate and label the energy efficiency of non-residential buildings based on guidelines issued by the Ministry of Land, Infrastructure and Tourism. This system is managed by the Jutaku Seinou Hyouka Kyoukai.

Environmental Impact Reduction Data

Collection Period

- April 1 to March 31 of each year

Collection Scope

- Buildings subject to regulation under the Act on Rationalizing Energy Use of the Company (non-consolidated)

Note: The floor space of applicable buildings changes each year.

Applicable Indicators

- Energy use and unit load
- Greenhouse gas emissions and unit load
- Potable water use and unit load
- Total waste emissions and unit load

Tokyo Tatemono has received third-party assurance from Lloyd's Register Quality Assurance Limited to assure the integrity of part of its environmental and social data for 2017 and 2018. The numerical data assured is marked with an asterisk. The third-party quality assurance statement is included in *CSR Report 2019* and the *ESG Data Book*.

Item	Unit	2014	2015	2016	2017	2018
Energy use (crude oil equivalent)	kl	19,185	22,822	21,592	22,083*	23,895*
Unit load	kl / thousand m ²	37.8	36.3	35.4	34.2	35.0
Greenhouse gas emissions	t-CO ₂	39,929	45,059	44,629	42,147*	48,888*
Scope 1	t-CO ₂	3,493	3,243	2,553	2,402*	3,300*
Scope 2	t-CO ₂	36,436	41,816	42,076	39,745*	41,259*
Scope 3	t-CO ₂	—	—	—	—	4,329*
Unit load (excluding Scope 3)	t-CO ₂ / thousand m ²	78.6	71.6	73.1	65.3	65.2
Potable water use	Thousand m ³	486	569	579	584*	654*
Unit load	m ³ / m ²	1.0	0.9	0.9	0.9	1.0
Area of applicable floor space (for energy, greenhouse gas, and water reporting)	Thousand m ²	508	629	611	645	683
Total waste emissions	t	3,208	4,685	4,914	5,173*	4,945*
Unit load	t / thousand m ²	7.4	7.9	8.6	8.6	8.3
Waste recycled	t	—	—	—	3,395	3,202*
Area of applicable floor space (for waste reporting)	Thousand m ²	436	590	571	603	593

* Third-party assurance has been received for these figures.

Acquisition of DBJ Green Building Certification Certifying Environmental and Social Awareness

Currently, seven properties from the office buildings, commercial facilities, and other buildings owned and managed by Tokyo Tatemono have received high praise in the form of the DBJ Green Building Certification Four Stars or Five Stars.

The DBJ Green Building Certification is a system established by the Development Bank of Japan to evaluate initiatives for the environmental and social awareness of real estate. The certification is ranked* from One Star to Five Stars based on a comprehensive score from the five perspectives of environmental performance in the building, comfortability of tenants, risk management, consideration for the surrounding environment and community, and collaboration with stakeholders.

Tokyo Tatemono will continue to respond to social requests related to real estate from its stakeholders, address the diversification of tenants' needs, and develop real estate with consideration for environmental and social impact.

* Evaluation by rank: (Five Stars) Building with top class environmental and social awareness in Japan; (Four Stars) Building with exceptionally high environmental and social awareness; (Three Stars) Building with excellent environmental and social awareness; (Two Stars) Building with high environmental and social awareness; (One Star) Building with satisfactory environmental and social awareness

Properties with DBJ Green Building Certification

Name (Location)	Rank
Nakano Central Park South (Nakano, Nakano-ku, Tokyo)	2019
Tokyo Square Garden (Kyobashi, Chuo-ku, Tokyo)	2019
The Otemachi Tower (Otemachi, Chiyoda-ku, Tokyo)	2019
Tokyo Tatemono Nihonbashi Building (Nihonbashi, Chuo-ku, Tokyo)	2019
SMARK Isesaki (Isesaki, Gunma)	2019
Brillia ist Tower Kachidoki (Kachidoki, Chuo-ku, Tokyo)	2019
Hareza Tower* (Higashiikebukuro, Toshima-ku, Tokyo)	2019 Plan

* Scheduled for completion in May 2020

Introduction of Properties with DBJ Green Building Certification

Nakano Central Park South

Together with the surrounding universities and government agencies, Nakano Central Park South contributes to the 16.8 ha area known as "Nakano Shiki no Machi (Nakano Town of Four Seasons)" by creating an approximately 3 ha open area of greenery (including Nakano Shiki no Mori Koen Park).



Other Major Certifications and Receptions

2014	Receipt of Good Design Award (creation of town, local area, or community category)
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Tokyo Square Garden

As one of Japan's foremost eco-friendly buildings, Tokyo Square Garden is equipped with low-carbon technologies and also features such areas as Kyobashi Environmental Station, a site for initiatives that reduce CO₂ emissions in the surrounding areas, and Kyobashi no Oka, a dynamic greenery area.

Other Major Certifications and Awards

2010	Designation as Leading Project of CO ₂ Reduction for Residential Housing and Buildings
2014	Receipt of Good Design Award (industrial space, construction, and facility category)
2015	Receipt of Minister of Land, Infrastructure, Transport and Tourism Award in Rooftop, Walls, Special Greening Technology Competition (Rooftop Greening Category)
2016	Receipt of Social and Environmental Green Evaluation System (SEGES) Urban Oasis 2016 certification



The Otemachi Tower

The Otemachi Tower features Otemachi Forest, a natural forest sprawling across approximately 3,600 m², or approximately one-third of the tower's site, to realize a development concept of revitalizing both cities and nature.

Other Major Certifications and Awards

2014	Receipt of first certification issued under ABINC Certification System (Urban & SC Version) Receipt of Minister of Land, Infrastructure, Transport and Tourism Award (Planning and Originality Category), the best award in Urban Park Contest
2015	Receipt of Social and Environmental Green Evaluation System (SEGES) Urban Oasis 2015 certification Receipt of Minister of Land, Infrastructure, Transport and Tourism Award Green City Award (Green Project Activity Category)
2017	Receipt of Minister of the Environment Award in Rooftop and Wall Greening Technology Competition (Rooftop Greening Category)



High Evaluations in Global Real Estate Benchmark

Tokyo Tatemono has been highly evaluated by the Global Real Estate Sustainability Benchmark (GRESB),* a benchmark for evaluating efforts in the environmental, social, and governance (ESG) performance of real estate centers, receiving the highest honor of the "Green Star" for four consecutive years. We also earned for the second consecutive year the highest rating of 5 stars (out of 5 stars) in the GRESB Real Estate Rating that provides a comparative assessment based on a comprehensive score that was introduced in 2016.

* The GRESB is an ESG benchmark that specializes in real estate established through European superannuation funds and other financing.



ZEH-M Initiatives

Tokyo Tatemono was registered in the ZEH Developer Registration Program pertaining to net-zero-energy houses (ZEHs) as part of its first batch of registrations in May 2018, and we intend to actively develop ZEH-Mansions (ZEH-Ms) in the future.*¹ We are gradually putting in place initiatives to popularize ZEH-Ms. We also aim to standardize ZEHs based on the ZEH road map announced by the Ministry of Economy, Trade and Industry in 2015.

Brillia Tsurumaki satisfies the ZEH-M Oriented criteria,*² and is the only building in Tokyo included in the High-rise ZEH-M (ZEH Mansion) Proof-of-Concept Project undertaken to facilitate the establishment of design guidelines for promoting multiple-dwelling ZEH complexes organized through open application by the Ministry of Economy, Trade and Industry in 2018.

*¹ A ZEH uses heat insulation, energy conservation, and other measures for reducing energy use as well as power generation to balance out the annual primary energy consumption (air-conditioning, hot water, lighting, and ventilation) to zero. ZEH-M is the ZEH standard for multiple-dwelling complexes.

*² The ZEH-M Oriented criteria are the ideal ZEH standards for high-rise multiple-dwelling complexes with six or more stories released by the Ministry of Economy, Trade and Industry in May 2018.



Conceptual drawing of completed Brillia Tsurumaki

Creation of New Greenery in Cities

Human-made greenery is needed more than preserving natural greenery when seeking to achieve a certain scale of greenery in office districts that generally have a scarcity in this regard. The area surrounding Tokyo Station is an office district that bustles with large buildings, but the Imperial Palace and ocean are close by with many birds and insects migrating to live in this area.

The approximately 3,600 m² Otemachi Forest area was created on the grounds of The Otemachi Tower, making up roughly one-third of the entire property. We reproduced a richly diverse



Otemachi Forest, The Otemachi Tower

forest in Otemachi by gathering natural trees from mountains in the Kanto region based on the concept of creating a real forest. We also created the Kyobashi Hill area as an approximately 3,000 m² greenery area dynamically linked from the first-floor basement to the fifth floor of Tokyo Square Garden.

The greenery areas at The Otemachi Tower and Tokyo Square Garden have been certified as Urban Oases, designated as spaces in which visitors can relax, by the Social and Environmental Green Evaluation System (SEGES) third-party certification entity.



Kyobashi Hill, Tokyo Square Garden

Preservation of Original Landscapes

The preservation of green spaces native to regions is desirable from the perspective of conserving biodiversity. Such efforts are anticipated to help preserve microorganism and plant species living in the soil and maintain the relationship with the surrounding environment through topography.

Brillia Towers Meguro, completed in November 2017, realized a new urban block boasting roughly 17,000 m² in front of Meguro Station. Under the concept of creating a forest in front of the station, we established the Forest Square on the premises, where roughly 900 trees were planted, in addition to building waterways. The property also interconnects with the neighboring Meguro River and the Institute for Nature Study of the National Museum of Nature and Science to contribute to the preservation of biodiversity in the region.



Forest Square of Brillia Towers Meguro

Issuance of Green Bonds

Tokyo Tatemono will contribute to the development of a sustainable society through its businesses while continuing to further environmental awareness. In addition, it issued ¥50.0 billion in public hybrid corporate bonds (green bonds) in March 2019 based on the Green Finance Framework to diversify its financing methods.

These bonds were the first case in Japan of public hybrid corporate bonds issued as green bonds, and the amount of this issue was also the largest of any prior green bond issue in Japan.

The highest rating of Green 1 was received in regard to the eligibility of this issue as a green bond through JCR Green Bond Evaluation*¹ by third-party rating association Japan Credit Rating Agency, Ltd. (JCR).

All capital acquired through the green bonds is planned to be used for the acquisition and refinancing of construction capital for Hareza Ikebukuro and Nakano Central Park South, which are green buildings*² that fulfill the criteria of the Green Finance Framework.

*¹ This system for third-party evaluations for green bonds by JCR is based on the green bond principles formulated by International Capital Market Association (IMCA) and the Ministry of the Environment's Green Bond Guidelines, 2017. The process evaluates whether the use of the capital is for green projects as well as the management, operating structure, and transparency of the bonds. The results of these evaluations are then comprehensively assessed to decide the JCR Green Bond Evaluation.
<https://www.jcr.co.jp/en/greenfinance/>

*² Green buildings are those that have acquired, or for which acquisition is planned, one of the top two levels for either certification or recertification in the third-party certifications listed in (1) to (3):
 (1) 4 or 5 stars in the DBJ Green Building Certification
 (2) S-rank or A-rank in the CASBEE for Buildings (New Construction) Certification
 (3) 4 or 5 stars in the BELS Energy Efficiency Certification

Overview of Green Bonds

Name	2nd Series Deferrable Interest and Callable Unsecured Subordinated Bonds (Green Bonds)
Condition determination date	March 8, 2019
Issue date	March 15, 2019
Redemption date	March 15, 2059
Total issue amount	¥50.0 billion
Use of proceeds	Hareza Ikebukuro acquisition, construction funds, and financing Nakano Central Park South acquisition, construction funds, and financing
Eligibility	Evaluations Green 1 (JCR)



Conceptual drawing of completed Hareza Ikebukuro

Social Initiatives

- Development of Comfortable Workplace Environments
- Fostering of Environments That Empower Diverse Human Resources
- Response to Social Change
- Community Involvement



Development of Comfortable Workplace Environments Fostering of Environments That Empower Diverse Human Resources

Basic Policy and Stance

The Tokyo Tatemono Group believes that workplaces staffed by diverse human resources contribute to the supply of higher-quality services by providing a wider range of perspectives and making better decisions. Accordingly, we are developing workplace environments in which diverse human resources are able to excel by focusing on their work while feeling motivated and facing no obstacles.

The Group also recognizes that enabling employees to realize a good work-life balance and achieve improved productivity is an important task for ensuring the ongoing growth of both employees and the Group. For this reason, we have established the Tokyo Tatemono Group Health Management Declaration and are implementing initiatives to help all Group members maintain and improve their health.

Initiatives for Empowering Diverse Human Resources

At the Tokyo Tatemono Group, the Tokyo Tatemono Personnel Department coordinates with the departments in charge of administration at Group companies to promote various measures for providing support throughout the Group to enable diverse human resources to continuously grow without obstacles impeding their development.

Initiatives to Reduce Overtime

Tokyo Tatemono has continued measures to prevent excessive overtime since 2008 from the perspectives of work-life balance and employee health management. We adopted a system to shut down computers at the end of a normal working day in 2010 to restrict late-night working hours and prevent overwork. Furthermore, in departments where long working hours occur, we have implemented a framework in which involved parties are required to report on improvement measures to their direct supervisors so that this information can be relayed to management. Through the resulting PDCA (plan-do-check-act) cycle, we are striving to reduce overtime, and we have succeeded in achieving a reduction of approximately 50% in overtime in comparison with 2008.

Encouragement of Women to Take Active Roles

Tokyo Tatemono is striving to build a workplace and appoint diverse human resources in order to enable women to fully exercise their skills and individuality and work with a greater sense of self-determination.

In December 2018, female employees represented 28% of all employees, an increase of 7 percentage points from 2015.

Incorporation of Senior Citizens into the Workforce

Tokyo Tatemono has introduced a re-employment policy for employees at retirement age so that employees who have reached the age of 60 can play active roles by leveraging their careers up to that point. In addition, the Personnel Department consults with employees who have put off retirement and works to help them leverage the careers they have built up to that point to take an active role in line with their desire to work based on their individual life plans.

Systems for Facilitating Career Building with Flexibility to Life Events

Tokyo Tatemono has various systems in place for enabling employees to continue building their careers with flexibility to life events, further supporting the contributions of employees with a wide range of backgrounds.

- Leave systems for pregnancy, childbirth, child-rearing, and nursing care
- Re-employment system for people who have resigned because of pregnancy, childbirth, child-rearing, and nursing care
- System for accompanying a spouse transferred overseas

Promotion of Employment of People with Disabilities

Tokyo Tatemono has prepared a system in which people with disabilities can achieve long-term stable employment that includes assigning them to the most appropriate department, conducting regular consultations with the Personnel Department, and setting working hours based on each individual's situation.

Human Resource Development

Tokyo Tatemono focuses on the development of new employees over their first five years after joining the Company by implementing a group training program that includes basic business training (logical thinking, marketing, management strategy, among others).

Furthermore, for the purpose of enabling employees to gain the experience and broad-ranging knowledge required of employees of a comprehensive real estate company, new graduate recruits are rotated, in general, among three departments to experience the work therein in the 10 years after joining the Company.

To strengthen the on-the-job training development cycle in the workplace, training for the managers who perform on-the-job training has been implemented along with counseling systems for new recruits. The operation status of these initiatives is monitored through regular interviews by the Personnel Department.

We are providing enhanced programs such as volunteer-type internal training and external dispatch training as well as cross-industry exchange training for mid- and higher-level employees to cultivate a self-learning climate for employees.

Training for managers includes training to enhance daily line management skills, such as training for evaluators and mental health and line care training, in addition to dispatches of employees to external training agencies, such as business schools, to enhance their strategic perspective and management capabilities.

In addition, we have established self-education programs and certification acquisition support systems to assist in independent learning throughout all levels of employment. Furthermore, with an eye to future global expansion, we support learning English and Chinese and dispatching employees for overseas training.

Training Program in 2019 (Outline)

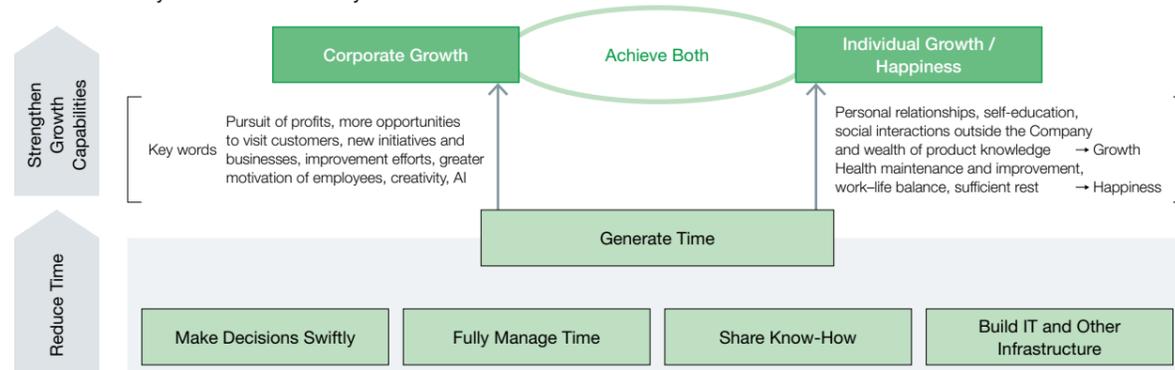
	Stratified Training	Global Training	Self-Education External Dispatch	Certification Acquisition Support Systems	
Executives	Executive training	<ul style="list-style-type: none"> Language school attendance On-site observation Overseas dispatch training Internships at overseas subsidiaries 	<ul style="list-style-type: none"> Support for attending business or graduate school Dispatch to complete single business school course Cross-industry exchange training Distance learning Outside seminars 	<ul style="list-style-type: none"> Building Lots and Building Transaction Business The Official Business Skills Test in Bookkeeping The Japan Business Law Examination Certified Building Administrator Real Estate Consulting Induction Association for Real Estate Securitization Master Redevelopment Planner Real Estate Appraiser First-class Architect 	
General Managers	New general manager training				<ul style="list-style-type: none"> Electives <ul style="list-style-type: none"> Coaching basics Coaching advice Strategic on-the-job training Leadership Business development Data science Design thinking Negotiation Action learning Breakthroughs Lectures by outside experts
Group Leaders	New group leader training				
Managers	New manager training				
Assistant Managers	New assistant manager training				
Senior Employees	Strategic communication, presentation, accounting, finance, marketing, management strategy, and third-year group training				
New Employees	New employee training and basic practical real estate training, logical thinking and IT training				

Workstyle Innovations

Tokyo Tatemono has established the Workstyle Innovation Labor-Management Review Meeting with the labor union. This committee is a venue for discussion between labor and management on specific measures for implementing appropriate workstyle innovations to further improve productivity and efficiency in business execution with consideration of the accomplishment of Group medium-term business plans and growth thereafter. The

committee's activities commenced in April 2017, with wide-ranging discussions between labor and management taking place as we share the purpose and goals intended by workstyle innovations. Since 2018, we have been conducting telework trials as one of our specific measures geared toward enhancing productivity.

Overview of Tokyo Tatemono's Workstyle Innovations



Commitment to Health Management

Realizing a good work-life balance and increasing productivity have become important tasks in the sustainable development of employees and companies amid rising concerns regarding the issues of long working hours and mental health.

The Group is promoting health improvement based on the Tokyo Tatemono Group Health Management Declaration.

Third-Party Evaluation of Health Management

Our sincere efforts toward health have been evaluated, and we received the highest rank in 2014 for distinguished initiatives considering the health of employees in the DBJ Health Management Rating run by the Development Bank of Japan.

In addition, we were recognized under the Certified Health and Productivity Management Organization Recognition Program (White 500), a program in which the Ministry of Economy, Trade and Industry certifies companies practicing excellent health management, for the third consecutive year since the program was founded in 2017.



Health Management Initiatives

Health Improvement Activities

Tokyo Tatemono aims to have a checkup rate of 100% for periodic health examinations and is advancing initiatives to raise greater awareness in all employees about health management (a 100% rate has been maintained since 2011).

We coordinate with health insurance associations to conduct a wide range of initiatives for improving health. We also maintain an understanding of the health risk attributes of employees in addition to actively engaging in preventive measures against severe illnesses for non-obese and young people not eligible for special screenings with the purpose of improving health through preventive and early-term treatment. We have also been introducing group dental checkups since 2017 as part of health management efforts.

As daily health management measures, we are strengthening support for maintaining the health of employees by ensuring that the costs required for voluntary health management—such as physical examinations, various cancer screenings, medical treatment, pharmaceuticals, and health management programs—are covered in the Welfare Cafeteria Plan.*

We had also been subsidizing the cost for influenza vaccines until recently, but we bolstered measures to prevent mass infection during the influenza season by inviting physicians to the Company to provide vaccinations as of 2016.

* This plan assigns a set number of points to each employee, and employees can individually choose a menu of their own within the set number of points. This provides a benefit of being able to put together a menu suitable to individual health needs.

Tokyo Tatemono Group Health Management Declaration

The corporate philosophy of Tokyo Tatemono is "Trust beyond the era." This incorporates 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 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 source of sustainable corporate growth and actively promote activities for each and every person to maintain and improve their health.

I will strengthen the environment to achieve this as the chief executive officer in charge of health management, and I vow that we will endeavor in health management unified as a group.

Hitoshi Nomura

President & Chief Executive Officer
Tokyo Tatemono Co., Ltd.

Mental Health Initiatives

Tokyo Tatemono conducts stress tests through an online service every year for all of its employees in order to accurately and easily understand the stress levels of each employee.

In addition, we are providing mental health counseling via health insurance associations, and these counseling services have been made available to employees who have unstable mental health. We started coordinating with psychiatric advisors in 2016 and have put in place a support system that includes return-to-work training.

As mental health education activities, we are conducting training on self-care and employee care overseen by line managers, and newly appointed managers in particular are required to participate in the training on employee care overseen by line managers (100% attendance rate).

For new employees, we invite sports trainers as lecturers and conduct training in which all employees participate. We understand the importance of mental health for all of our employees and strive to support the early diagnosis and prevention of mental health problems.

Response to Social Change

Support for the Aging Society

Residences with Services for Senior Citizens

The birth rate is declining and the ratio of elderly people has been rapidly growing in recent years in Japan. Amid this situation, determining the ideal state of final housing and enhancing nursing care and medical services are important social issues.

To expand its business of providing residences for senior citizens, the Tokyo Tatemono Group established Tokyo Tatemono Senior Life Support Co., Ltd., which develops and operates residences with nursing care services for senior citizens, in July 2014. As of December 31, 2018, this company operated 15 residences with services for senior citizens.*

Tokyo Tatemono Senior Life Support is developing the Grapes series of residences with services for senior citizens. Through this brand, we aim to supply spaces in which senior citizens can live in a manner suited to their individuality by providing housing functions and services for realizing lifestyles centered upon people.

* Residences with services for senior citizens are rental homes where people who require nursing care can live freely while using the nursing care services without paying expensive admission fees. These residences are regulated by the Act on the Securement of a Stable Supply of Housing for the Elderly. As of December 31, 2018, 238,000 units were available, and the supply continues to grow.

Soft Services Based on Concierge Services

At Tokyo Tatemono Group residences for senior citizens, a concierge is always present throughout the day to work with in-home long-term care support service providers and medical institutions to provide optimal support tailored to each resident. Even if the level of nursing care required grows, we are able to provide services of the same caliber as a private retirement home.

In addition to being accessible due to having no expensive admission fees, our residences use lifetime building leases that do not require the renewal of lease contracts, enabling residents to live comfortably in their final home.



High-Quality Living Unique to a Developer

The Grapes series realizes the high quality cultivated in the Brillia brand of newly built residential condominiums while also offering a barrier-free environment. In addition to the one-room units common to residences for senior citizens, various other types of rooms, up to a two-bedroom unit, are available depending on the property, enabling each resident to live in a manner suited to their individuality.

Furthermore, the living environment has been built for the ease of use by senior citizens, with consideration given to such details as the height of switches and other fixtures and the adoption of easy-to-clean materials and shapes.



Room suited to life in a wheelchair

Strengthening of Nursing Care Functions

In June 2018, we established Tokyo Tatemono Staffing Co., Ltd., by integrating four Tokyo Tatemono Group companies—Care Like, Frontier, Frontier Western Japan, and MedicalLink—that dispatch and introduce human resources primarily to care giving and nursing care facilities.

This corporate merger reinforced our human resource hiring function by enhancing the efficiency of advertising efforts and increasing recognition of our offerings. In addition, the merger enabled us to improve our ability to provide stable human resource dispatching and professional introductions through optimized matching and thereby respond to the chronic labor shortfalls in the nursing care field.

Expansion of the Nursing Care Facility Business

There are some elderly people who prefer nursing care facilities based on such factors as the state of their health. Seiaien Co., Ltd., an operator of nursing care facilities, merged with Tokyo Tatemono Senior Life Support in July 2018. With this merger, our nursing care facility business has grown to four facilities as of December 31, 2018.

Response to the Increase of Children on Waiting Lists

Expansion of Ohayo Child Care Facilities

In recent years, the issue of children on waiting lists for nursery has been growing more serious due to the lack of child care facilities caused by population concentration and an increasing number of dual-income households in urban areas. Many problems are manifesting as social issues as a result, such as delays in women returning to work because child care is not available for their children.

We established Tokyo Tatemono Kids Co., Ltd., in August 2016 with the cooperation of Global Kids Company Corp., which is expanding as a nursery business. Tokyo Tatemono Kids opened eight nurseries between 2017 and 2018 and then four new nurseries in April 2019 (one of these four nurseries transitioned from a certified nursery to an authorized nursery).

Based on the child care philosophy of nurturing the abilities needed to lead fulfilling lives, we prepare an environment in which children can think for themselves and independently engage in tasks.

Origin of Ohayo Child Care

Nurseries are often the first place in which children interact with society. We hope to foster children who have no problems engaging in the proper greeting customs that are of utmost importance to social life. For this reason, it is our goal to help children

start each day invigorated by a greeting of “Good morning!” or “Ohayo!” in Japanese. Ohayo Child Care aspires to always remain a comforting safe haven, a nursery loved by all. This was the sentiment that inspired us in the creation of Ohayo Child Care.

Atmosphere Exuding the Warmth of Natural Materials

Ohayo Child Care makes a point to use wooden materials for the interior of their child care facilities so that the children can feel the warmth of the natural materials that they are interacting with on a daily basis. From the softness to the touch and the fragrance of the natural wood, we are passionate in our desire for children to interact with genuine wood as their senses blossom.



Child care facility with fixtures and specifications prioritizing safety to ensure children can enjoy their time there

Support for the Empowerment of Women

Project Bloomoi for Supporting the Happiness of Working Women

As women increasingly participate in the workforce and the ideal lifestyle and happiness sought by women grow more diverse, there is a need for both residences and offices to adapt in response to the changes to the diverse ways of life.

Tokyo Tatemono has been carefully researching the insights of working women and advancing the Brillia Bloomoi Project since 2012 to examine and promote the realization of housing that responds to their diversified needs. Through this project, we hope to support not only working women but also a wide range of women engaging in household affairs, child care, nursing care, community contribution, and learning.

The members of this project, mostly made up of female employees of the Company, value empathy, dialogue, and co-creation and believe in lifestyles in which working women can live in line with their individuality and with greater levels of happiness. “Bloomoi,” a word coined by combining bloom and *moi* (me), incorporates our desire to see the many smiles and talents of working women fully bloom with grace.

In this project, we are conducting product development aimed at constantly unveiling new products founded on the core values of Bloomoi. These efforts are not limited to condominium floor

plans and housing facilities, but rather include a broader perspective encompassing soft elements such as management and aftercare services.

Investigation of Co-Creation Needs

Working women have a wide range of lifestyles. Bloomoi has developed a new business scheme that entails an approach toward product development through a co-creation process. Under this scheme, we investigate the insights of working women through efforts such as events, dialogue, and Facebook and incorporate those insights into product planning. The floor plans and facilities designed based on survey results and feedback are then further refined through an exchange of ideas with working women.

Adoption of Multiple Bloomoi Project Products at Brillia Oyama Park Front

Completed in October 2018, Brillia Oyama Park Front is located in a convenient location within a 2 km distance from the city center of the Tokyo district of Ikebukuro, which is undergoing redevelopment, on the Fukutoshin Line and many of the residents are working women. This property has adopted facilities developed through the Bloomoi project to bring greater levels of happiness to the lives of residents.



Bloomoi Library
Workspaces have been installed next to the kitchen to be used to conduct small tasks when there is extra time, such as on breaks during cooking. This space can be hidden by closing the door if an unexpected visitor shows up.
(Left: When open; Right: When closed)

Community Involvement

Yaesu, Nihonbashi, and Kyobashi Development Activities

The Tokyo Tatemono Group believes that improving regional value through various community and volunteer activities is not only part of community development but also contributes to the sustainable growth of its business.

Therefore, we are conducting a wide range of community and volunteer activities by gathering participants from inside the

Group, including city clean-up activities and community revitalization and other events, to improve regional value in areas such as the Yaesu, Nihonbashi, and Kyobashi districts, where we own and manage real estate.

Major Community Development Activities (2018)

Name	Activity (Contribution)	Group Employee Participants
Sanno Festival	Carrying <i>mikoshi</i> portable shrines in the Sanno Festival, one of the three major festivals of Japan (Jun. 8 to 10)	Total of 656 participants
Sakura Festival	Holding rugby and other events (Apr. 6 to 8)	Total of 25 participants
Tokyo Station area clean-up team	Cleaning the Tokyo Station area (Feb. 23, Apr. 20, Sep. 28)	Total of 531 participants
Chuo-dori Street Clean Walk event (picking up trash, re-planting flowers)	Picking up trash and re-planting flower beds along Chuo-dori street (Mar. 22, Jul. 19, Dec. 12)	Total of 55 participants
La Folle Journée TOKYO2018	Held area concert at Tokyo Square Garden (May 3 to 4)	Total of 8 participants
Tokyo Ekimachi Kirapika Project	Cleaning areas around Tokyo Station (Jul. 19, Nov. 29)	Total of 297 participants
Nihonbashi / Kyobashi Festival	Acting as special sponsor, staffing executive committee, organizing rugby team (Oct. 28)	Total of 11 participants
Art & Craft Market	Holding event at Tokyo Square Garden (once per month)	Total of 24 participants

Clean-Up Activities

The Tokyo Tatemono Group regularly conducts clean-up activities by using time such as that before the start of work to contribute to urban beautification in several areas that include the Yaesu district, where the Tokyo Tatemono head office is located, as well as the Nihonbashi and Kyobashi districts. These activities have been praised, and we even received a letter of appreciation from the Nihonbashi Clean Business Cooperative for these activities.



Morning cleaning activities

Participation in Sanno Festival, One of the Three Major Festivals of Japan

The Tokyo Tatemono Group actively participates in the Sanno Festival, an important event in the area where the head office of Tokyo Tatemono is located, to help pass down traditional culture. The Sanno Festival is counted as one of the three major festivals in Japan along with the Tenjin Festival in Osaka and the Gion Festival in Kyoto. Many Group employees participate during the parading of 12 *mikoshi* portable shrines through the Yaesu, Nihonbashi, and Kyobashi districts. In addition to helping carry the *mikoshi* portable shrines, Group employees take part in other activities to help invigorate the festival with members of the local community association.



Sanno Festival

Corporate Governance



Basic Policy and Stance

To enhance the corporate value of Tokyo Tatemono, we strive to build an optimal corporate governance system with a focus on ensuring the soundness and transparency of management and increasing its effectiveness.

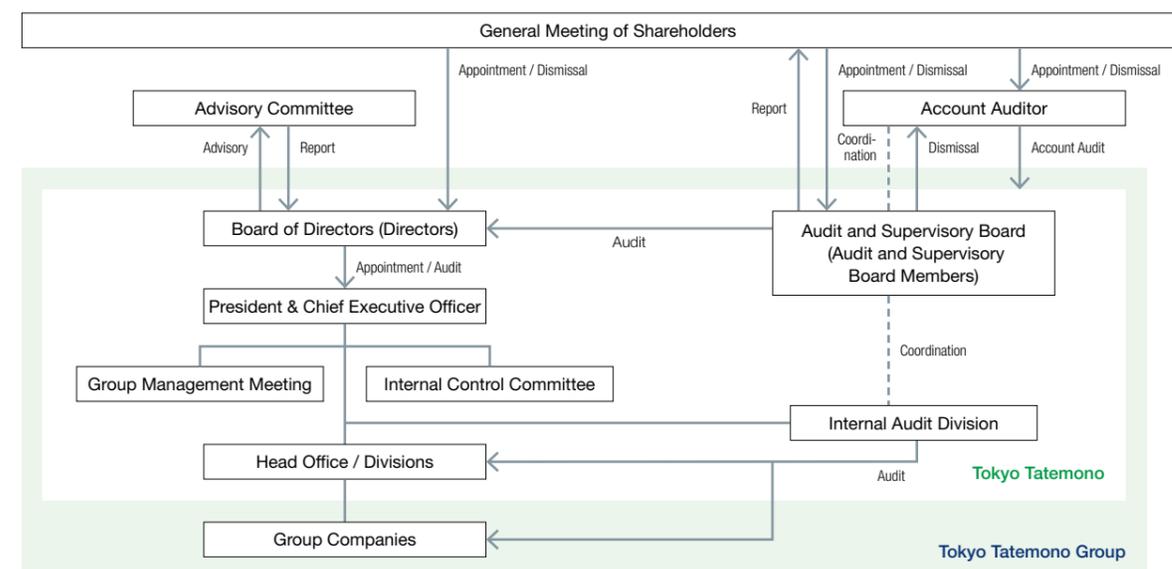
Corporate Governance System

Tokyo Tatemono has adopted the Company with Board of Company Auditors structure described in the Companies Act of Japan for its corporate governance system, and it has established a Board of Directors and an Audit and Supervisory Board. In addition, we introduced an executive officer system to clarify the division of functions for management and business execution in order to strengthen the management and oversight functions and the business execution functions. We are also reinforcing the

auditing functions and the transparency of management by appointing external directors and external Audit and Supervisory Board members. The Company has thereby built a system that enables the sufficient execution of the supervisory and auditing functions of management and directors.

Furthermore, we established the Group Management Meeting in an effort toward efficient and sound Group management.

Overview of Corporate Governance System



Overview of Committees

Name	Overview
Board of Directors	The Board of Directors comprises 12 directors, of whom four are external directors. In principle, regular Board of Directors' meetings are held once a month and extraordinary meetings are held when a need arises to decide on important matters related to business execution and to the auditing of the business execution of directors. Audit and Supervisory Board members also attend Board of Directors' meetings and share their opinions when necessary.
Audit and Supervisory Board	The Audit and Supervisory Board consists of four Audit and Supervisory Board members, of whom two are full-time Audit and Supervisory Board members and two are external Audit and Supervisory Board members.
Group Management Meeting	The Group Management Meeting consists of executive officers with additional titles and deliberates on important matters related to the management of the Group. In addition, full-time Audit and Supervisory Board members participate in the Group Management Meeting to gain an understanding of the status of deliberations and share opinions when necessary.
Internal Control Committee	The Internal Control Committee discusses and monitors management of internal control risks (compliance and internal management risks) and reports to the Board of Directors, the Audit and Supervisory Board, and other bodies when necessary.
Advisory Committee	The Advisory Committee was put in place as a body to advise the Board of Directors that deliberates on matters such as the selection of director and representative director candidates as well as the remuneration for directors (excluding external directors). Committee members are appointed from among the directors, and external directors are appointed as a majority of the total of five directors to guarantee the objectivity and transparency of procedures while leveraging the knowledge and advice of these external directors.

Remuneration Amounts and Policy for Determining Calculation Method

The remuneration for directors is set to be no more than ¥35 million a month (equivalent to ¥420 million a year) as fixed compensation and no more than 1% of consolidated recurring income, and no more than 2% of the profit attributable to owners of the parent from the previous fiscal year is set as performance-based remuneration.

The adoption of a stock remuneration system via a stock bond trust was approved at the 200th General Meeting of Shareholders held on March 28, 2018, for the purpose of clarifying the link between remuneration, such as that for directors, and the share price of the Company and increasing motivation in order to contribute to growth in medium- to long-term corporate value. As a

result of adopting this policy, remuneration, such as that for directors, has come to be composed of three types of payments: fixed remuneration, performance-based remuneration, and share-based remuneration. We limit the payment of share-based remuneration (excluding external directors) to a maximum of 40,000 points (equivalent to 40,000 shares) per fiscal year.

Remuneration for Audit and Supervisory Board members is limited to basic fixed remuneration based on the role of full-time and external Audit and Supervisory Board members, and the amount of remuneration is set to be less than ¥8 million a month (equivalent to ¥96 million a year).

Director and Audit and Supervisory Board Member Remuneration Amounts

Category	Recipients	Total amount by type of remuneration			Total remuneration (Millions of yen)
		Fixed remuneration (Millions of yen)	Performance-based remuneration (Millions of yen)	Share-based remuneration (Millions of yen)	
Directors (of whom, external directors)	12 (4)	314 (27)	155 (-)	35 (-)	505 (27)
Audit and Supervisory Board members (of whom, external Audit and Supervisory Board members)	4 (2)	64 (12)	- (-)	- (-)	64 (12)
Total (of whom, external officers)	16 (6)	379 (39)	155 (-)	35 (-)	570 (39)

Director Remuneration Framework

	No more than ¥35 million per month	No more than 1% of consolidated recurring income and 2% of the profit attributable to owners of the parent from the previous fiscal year	No more than 40,000 points (equivalent to 40,000 shares) per fiscal year
Internal directors	Fixed remuneration	Performance-based remuneration	Share-based remuneration
External directors	Fixed remuneration	-	-

Evaluation of the Effectiveness of the Board of Directors

Tokyo Tatemono administers a questionnaire about the constitution, proposals, and management of the Board of Directors to all directors and Audit and Supervisory Board members once a year. The results of this questionnaire are analyzed and then discussed by the Board of Directors.

We have been able to sufficiently ensure and verify the effectiveness of the Board of Directors.

Evaluation Items

Category	Details
Composition	Ratio, number, and diversity of external directors
Proposals	Number, content, and financial criteria of proposals
Operation	Number and length of meetings, ideal form of advanced explanations, materials and time for explanations, time for debate, and content of matters to report
Others	Ideal form of support systems and training

External Directors and External Audit and Supervisory Board Members

Tokyo Tatemono appoints members of senior management and nominates candidates for positions as directors and Audit and Supervisory Board members based on comprehensive judgment of the character, skills, knowledge, and experience of the individual in order to select persons capable of contributing to enhancing the Tokyo Tatemono Group's corporate value over the medium to long term.

In nominating candidates for positions as directors and Audit and Supervisory Board members, deliberations are first held by the Advisory Committee, which has independent external directors as core members, and then a resolution is made by the Board of Directors.

External Directors

Name	Designation as independent director	Reason for appointment	Years of service as director	Attendance at Board of Directors' meetings in 2018
Yoshiyuki Imai	○	Mr. Imai was appointed as an external director on the basis of his considerable management experience and wide-ranging insight, which are expected to continue contributing to the strengthening of the governance system through means such as enhancement of oversight of the execution of the duties of directors from an independent point of view.	2 years	13/13 (100%)
Yoshimitsu Onji	○	Mr. Onji was appointed as an external director on the basis of his considerable management experience and wide-ranging insight, which are expected to continue contributing to the strengthening of the governance system through means such as enhancement of oversight of the execution of the duties of directors from an independent point of view.	1 year	9/9 (100%)
Shuichi Hattori	○	Mr. Hattori was newly appointed as an external director on the basis of his specialized expertise and experience as a lawyer, which are expected to contribute to the strengthening of the governance system through means such as enhancement of oversight of the execution of the duties of directors from an independent point of view.	New	13/13 (100%)* *Attendance as external Audit and Supervisory Board member
Mitsuhiro Nagahama	○	Mr. Nagahama was newly appointed as an external director on the basis of his considerable management experience and wide-ranging insight, which are expected to contribute to the strengthening of the governance system through means such as enhancement of oversight of the execution of the duties of directors from an independent point of view.	New	-

Audit and Supervisory Board Members

Name	Designation as independent auditor	Reason for appointment	Years of service as Audit and Supervisory Board member	Attendance at Board of Directors' meetings in 2018	Attendance at Audit and Supervisory Board meetings in 2018
Kouji Kawakubo	-	Mr. Kawakubo was appointed as an Audit and Supervisory Board member on the basis that his considerable management experience and wide-ranging insight can be expected to continue to be applied to the reinforcement of the Company's auditing systems.	2 years	13/13 (100%)	14/14 (100%)
Takashi Yoshino	-	Mr. Yoshino was newly appointed as an Audit and Supervisory Board member on the basis that his considerable management experience and wide-ranging insight can be expected to be applied to the reinforcement of the Company's auditing systems.	New	-	-

External Audit and Supervisory Board Members

Name	Designation as independent auditor	Reason for appointment	Years of service as Audit and Supervisory Board member	Attendance at Board of Directors' meetings in 2018	Attendance at Audit and Supervisory Board meetings in 2018
Takao Yamaguchi	○	Mr. Yamaguchi was appointed as an external Audit and Supervisory Board member on the basis that his expertise and experience as a certified public accountant can be expected to continue to be applied to the reinforcement of the Company's auditing systems.	3 years	13/13 (100%)	14/14 (100%)
Sayaka Hieda	○	Ms. Hieda was newly appointed as an external Audit and Supervisory Board member on the basis that her expertise and experience as a lawyer can be expected to be applied to the reinforcement of the Company's auditing systems.	New	-	-

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

The Planning Division, which acts as a Board of Directors' secretariat, provides explanations and information as necessary to support the external directors and external Audit and Supervisory Board members at Tokyo Tatemono.

In addition, personnel are assigned as a staff to support Audit and Supervisory Board members upon request from the Audit and Supervisory Board to facilitate the smooth execution of auditing duties.

Furthermore, full-time Audit and Supervisory Board members participate in important meetings, including the Group Management Meeting in addition to Board of Directors' meetings, while receiving relevant reports from the account auditor, directors, and employees of each division to enable the exchange of opinions with individual bodies at any time.



Basic Policy and Stance

The Tokyo Tatemono Group strives to manage risks that have the potential to impact the businesses of the Group in order to stably heighten corporate value. We have established risk management regulations and put in place a risk management structure, based on which we practice rigorous risk management by continuously

monitoring and controlling risks. Furthermore, in the preparation of the risk management structure, we referred to the ISO-31000 international risk management standards and the JIS-Q-31010 Japanese standards.

Risk Management System

We categorize and manage investment risk, financial risk, internal control risk, business risk, and integrated risk, the aggregate of the preceding four risks, as material risks.

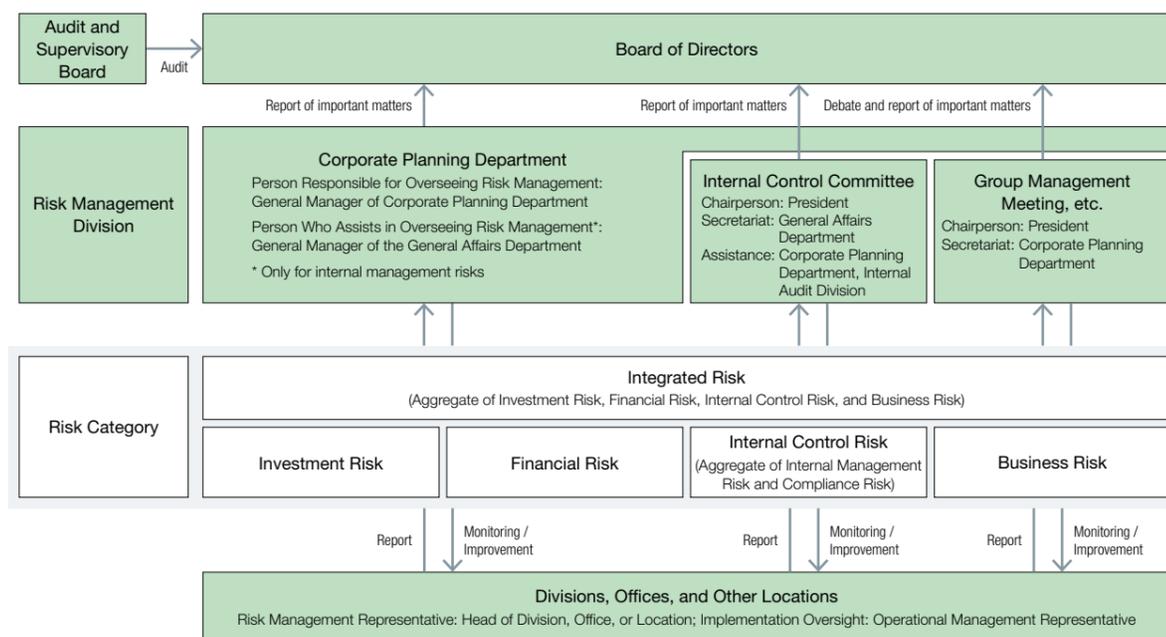
The Corporate Planning Department is in charge of integrated risk, and the Internal Control Committee, which is chaired by the president (executive officer), deliberates on and manages internal control risk (internal management risk and compliance risk) among those general risks.

We also review policies to respond to general business risks through the Group Management Meeting and other venues.

Furthermore, important matters related to these risks are reported to the Board of Directors and the Audit and Supervisory Board as necessary.

We are thoroughly managing risks through a series of processes that include monitoring and improving the operational status of risk management.

Overview of Risk Management System



Promotion of Compliance

The Tokyo Tatemono Group defines compliance as complying not only with laws but also with social standards and corporate ethics to gain everlasting trust from society and to continue engaging in sound corporate activities. Corporations need to respond to the expectations of customers, business partners, shareholders, investors, local communities, employees, and other stakeholders, and responding to the needs of these stakeholders with integrity is paramount.

The Tokyo Tatemono Group established the Compliance Charter to promote corporate activities that observe compliance in June 2009, and it is advancing such efforts accordingly.

Meanwhile, the Internal Control Committee has been established to discuss Group compliance as well as general internal control risks and as a framework for supervising Group compliance activities.

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 Training

The Tokyo Tatemono Group conducts joint Group e-learning training every year. In 2018, the training program was oriented toward gaining knowledge about overall compliance, harassment prevention, information management for purposes such as preventing insider trading and corruption, and the prevention of money laundering and other aspects of the Real Estate Brokerage Act and the Act on Prevention of Transfer of Criminal Proceeds. In addition, steps were taken to update knowledge following amendments to laws and regulations. Roughly 2,800 executives and employees in 13 Group companies took part in these training sessions. In addition, we have introduced stratified training, such as group training for new Group employees; harassment prevention training for executives, general managers, and managers; training for new Tokyo Tatemono employees; and training

for newly appointed supervisors as well as training on preventing insider trading.

In addition, we take steps to prevent corruption and bribery by using the corporate intranet to post spotlight articles about the prevention of insider trading, drinking responsibly, and proper relationships with public officials to raise awareness throughout the Group.

Furthermore, we hold seminars in which we invite outside experts to serve as lecturers on themes regarding laws and regulations as well as taxes, which are of great importance to operations. We also share information on the latest judicial precedent, tax amendments, and other topics related to our businesses throughout the entire Group.

Tokyo Tatemono Group Helpline

The Tokyo Tatemono Group has set up the Tokyo Tatemono Group Helpline, which can be used throughout the Group as a consultation and reporting venue to prevent violations of laws and illegal acts. Furthermore, the helpline features a contact venue with an external law office, making it a system for easy consultation and reporting. All employees who engage in the businesses of any of the Group companies can use this helpline.

Consultations and reports received through these venues are reported to the Company's Internal Audit Division (under the direct control of the president), and the facts are reviewed and

verified in accordance with the content from an objective standpoint.

We appropriately respond to actions that violate compliance through means such as immediately implementing corrective measures and taking steps to prevent recurrence. The Internal Control Committee is convened for more important matters to consider the appropriate response.

Furthermore, we properly protect whistleblowers in accordance with the Whistleblower Protection Act.

Directors, Audit and Supervisory Board Members, and Managing Officers

(As of April 1, 2019)

Directors



Makio Tanehashi

Representative Director
Chairman of the Board

1979/4 Joined The Fuji Bank, Limited
2006/3 Executive Officer, General Manager of Internal Audit Division of Mizuho Corporate Bank, Ltd.
2008/4 Managing Executive Officer and Officer in charge of Sales of Mizuho Corporate Bank, Ltd.
2011/6 Deputy President & Executive Officer, in charge of Branches Department of Mizuho Bank, Ltd. and then later Representative Director, Deputy President & Executive Officer, in charge of Branches Department of Mizuho Bank, Ltd.
2012/4 Representative Director, Deputy President & Executive Officer, in charge of Sales Branches Department of Mizuho Bank, Ltd.
2013/3 President & Chief Executive Officer of Tokyo Tatemono Real Estate Sales Co., Ltd.
2015/7 Senior Executive Managing Officer and Division Director of Real Estate Service Division of the Company
2015/10 Senior Executive Managing Officer, Division Director of Real Estate Service Division, and Division Director of International Business Division of the Company
2016/3 Senior Executive Managing Officer, Director, Division Director of Real Estate Service Division, and Division Director of International Business Division of the Company
2017/1 Representative Director, Chairman and Executive Officer of the Company
Director and Chairman of Tokyo Tatemono Real Estate Sales Co., Ltd. (to present)
2019/3 Representative Director and Chairman of the Board of the Company (to present)



Hitoshi Nomura

Representative Director
President &
Chief Executive Officer

1981/4 Joined the Company
2005/3 General Manager of Property Management Department of the Company
2008/3 Director, and General Manager of Property Planning Department of the Company
2011/3 Managing Director responsible for Kansai Branch and Kyushu Branch, and Division Director of Commercial Properties Division of the Company
2012/3 Managing Director and Division Director of Commercial Properties Division of the Company
2013/3 Executive Managing Officer, Director responsible for Kansai Branch, Sapporo Branch, Kyushu Branch, and Nagoya Branch, and Division Director of Commercial Properties Division of the Company
2015/3 Senior Executive Managing Officer and Director responsible for Personnel Department, Corporate Planning Department, and General Affairs Department of the Company
2017/1 President & Chief Executive Officer, and Representative Director of the Company (to present)



Hisatoshi Kato

Director
Executive Managing
Officer

1986/4 Joined the Company
2011/3 General Manager of Residential Management Department of the Company
2012/3 General Manager of Residential Leasing Department of the Company
2014/9 General Manager of Residential Leasing Department of the Company
President and CEO of Tokyo Tatemono Senior Life Support Co., Ltd. (to present)
2016/1 Managing Officer of the Company
2019/1 Executive Managing Officer and Division Director of Senior and Child Care Business Division and Leisure Business Division of the Company
2019/3 Executive Managing Officer, Director, and Division Director of Senior and Child Care Business Division and Leisure Business Division of the Company
2019/4 Executive Managing Officer, Director, and Division Director of Senior Business Division, Leisure Business Division, Senior and Child Care Business Planning Division, and Leisure Business Planning Division of the Company (to present)



Hideshi Akita

Director
Executive Managing
Officer

1987/4 Joined the Company
2006/3 General Manager of Residential Management Department of the Company
2007/3 General Manager of Acquisitions Department of the Company
2015/1 General Manager of Personnel Department of the Company
2016/1 Managing Officer and General Manager of Personnel Department of the Company
2017/1 Managing Officer and Vice Division Director of Residential Development Division of the Company
2019/1 Executive Managing Officer and Division Director of Residential Development Division of the Company
2019/3 Executive Managing Officer, Director, and Division Director of Residential Development Division of the Company (to present)



Masami Kamo

Director
Senior Executive
Managing Officer

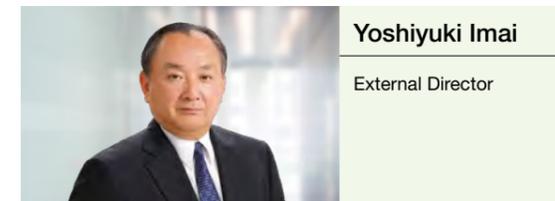
1984/4 Joined The Fuji Bank, Limited
2011/4 Managing Officer and General Manager of Wealth Marketing Department of Mizuho Bank, Ltd.
2011/7 Executive Officer and General Manager of Head Branch Department No. 2, Head Branch of Mizuho Bank, Ltd.
2012/10 Executive Officer and General Manager of Tokyo Branch Department No. 2, Tokyo Branch of Mizuho Bank, Ltd.
2013/3 Executive Managing Officer and Director responsible for Finance Department, Accounting Department, and Administration Service Department, Division Director of Real Estate Service Division and General Manager of Finance Department of the Company
2014/2 Executive Managing Officer and Director responsible for Finance Department, Accounting Department, and Division Director of Real Estate Service Division and General Manager of Finance Department of the Company
2015/3 Executive Managing Officer and Director responsible for Corporate Communications Department, Finance Department, Accounting Department, and Appraisal Department; Division Director of Real Estate Service Division; Division Director of Senior Business Division; and General Manager of Finance Department of the Company
2015/7 Executive Managing Officer and Director responsible for Corporate Communications Department, Finance Department, Accounting Department, and Appraisal Department; Division Director of Senior Business Division; and General Manager of Finance Department of the Company
2017/1 Senior Executive Managing Officer, Director, and Division Director of Real Estate Service Division and Senior Business Division of the Company
President & Chief Executive Officer of Tokyo Tatemono Real Estate Sales Co., Ltd. (to present)
2019/1 Senior Executive Managing Officer, Director, and Division Director of Real Estate Service Division of the Company (to present)



Kengo Fukui

Director
Senior Executive
Managing Officer

1982/4 Joined the Company
2002/10 General Manager of Fukuoka Branch of the Company
2011/3 Director and General Manager of Corporate Planning Department of the Company
2012/3 Director and General Manager of Property Leasing and Consulting Department of the Company
2013/1 Director and General Manager of Leasing & Consulting Department of the Company
2013/3 Managing Officer and General Manager of Leasing & Consulting Department of the Company
2015/3 Executive Managing Officer and Director responsible for Kansai Branch, Sapporo Branch, Kyushu Branch, and Nagoya Branch; and Division Director of Commercial Properties Division of the Company
2019/1 Senior Executive Managing Officer and Director responsible for Kansai Branch, Sapporo Branch, Kyushu Branch, and Nagoya Branch; and Division Director of Commercial Properties Division of the Company (to present)



Yoshiyuki Imai

External Director

1978/4 Joined The Yasuda Mutual Life Insurance Company
1995/4 Head of Numazu Branch of The Yasuda Mutual Life Insurance Company
2008/4 Director and Head of Osaka Central Branch of Meiji Yasuda Life Insurance Company
2009/6 Executive Director of Meiji Yasuda Mental Health Foundation (retired in March 2012)
2011/4 President and Representative Director of Meiji Yasuda Insurance Service Company, Limited (retired in March 2017)
2017/3 External Director of the Company (to present)



Yoshimitsu Onji

External Director

1977/4 Joined The Dai-ichi, Inc.
1994/4 General Manager of Corporate Planning Division of The Dai-ichi, Inc.
1998/9 Director and Vice President of R.E. Partners, Co., Ltd. (retired in April 2000)
1999/12 CEO of OZ Corporation (to present)
2000/3 Managing Executive Officer of RECOF Office (currently RECOF Corporation)
2007/6 Director and Chief Corporate Officer of RECOF Corporation
2010/6 President and Chief Executive Officer of RECOF Corporation
2016/10 Chairman and Representative Director of RECOF Corporation (retired in September 2017)
2016/12 Director of M&A Capital Partners Co., Ltd. (retired in September 2017)
2018/3 External Director of the Company (to present)
2018/4 Chairman and Director of Hongo Tsuji Business Consulting Co., Ltd. (retired in November 2018)
2018/6 Outside Director of NIHON CHOUZAI Co., Ltd. (to present)



Katsuhito Ozawa

Director
Executive Managing
Officer

1987/4 Joined the Company
2007/3 General Manager of Residential Management Business Department of the Company
2009/7 Director and General Manager of Finance Department of Tokyo Realty Investment Management, Inc.
2012/3 General Manager of Corporate Planning Department of the Company
2015/3 Managing Officer and General Manager of Corporate Planning Department of the Company
2017/1 Executive Managing Officer responsible for Corporate Communications Department, Finance Department, Accounting Department, and Appraisal Department; Division Director of International Business Division and Leisure Business Division; and General Manager of Finance Department of the Company
2017/3 Executive Managing Officer and Director responsible for Corporate Communications Department, Finance Department, Accounting Department, and Appraisal Department; Division Director of International Business Division and Leisure Business Division; and General Manager of Finance Department and International Business Department of the Company
2017/8 Executive Managing Officer and Director responsible for Corporate Communications Department, Finance Department, Accounting Department, and Appraisal Department; Division Director of International Business Division and Leisure Business Division; and General Manager of International Business Department of the Company
2019/1 Executive Managing Officer and Director responsible for Corporate Communications Department, Finance Department, and Accounting Department; Division Director of International Business Division; and General Manager of International Business Department of the Company (to present)



Akira Izumi

Director
Executive Managing
Officer

1987/4 Joined the Company
2009/3 General Manager of Retail Management Department of the Company
2012/3 General Manager of Commercial Properties Business Planning Department of the Company
2013/3 General Manager of Retail Management Department and Commercial Properties Business Planning Department of the Company
2015/3 Managing Officer and General Manager of Urban Development Department of the Company
2017/1 Executive Managing Officer responsible for Personnel Department, Corporate Planning Department, and General Affairs Department; and General Manager of Corporate Planning Department of the Company
2017/3 Executive Managing Officer and Director responsible for Personnel Department, Corporate Planning Department, and General Affairs Department; and General Manager of Corporate Planning Department of the Company
2019/1 Executive Managing Officer and Director responsible for Personnel Department, Corporate Planning Department, General Affairs Department, and Appraisal Department; and General Manager of Corporate Planning Department of the Company (to present)



Shuichi Hattori

External Director

1984/4 Registered as a lawyer
1988/7 Established Hattori Law Firm (currently Hattori General Law Firm) (to present)
2004/6 External Audit and Supervisory Board Member of USHIO INC. (retired in June 2016)
2007/4 Lecturer (in charge of Financial Instruments and Exchange Act) at Keio University Law School (to present)
2009/3 External Audit and Supervisory Board Member of LOOK INCORPORATED (currently LOOK HOLDINGS INCORPORATED) (retired in March 2019)
2013/1 External Audit and Supervisory Board Member of POKKA SAPPORO Food & Beverage Ltd. (retired in March 2016)
2015/3 External Audit and Supervisory Board Member of the Company (retired in March 2019)
2016/6 External Director of USHIO INC. (retired in June 2018)
2019/3 External Director of the Company (to present)



Mitsuhiro Nagahama

External Director

1976/4 Joined The Fuji Bank, Limited
2003/3 Executive Officer and General Manager of Otemachi Corporate Banking Division No. 6 and Otemachi Corporate Banking Division No. 7 of Mizuho Corporate Bank, Ltd.
2005/4 Managing Executive Officer in charge of Corporate Banking of Mizuho Corporate Bank, Ltd.
2010/4 Director and Deputy President and Head of the Americas of Mizuho Corporate Bank, Ltd. (retired in April 2013)
2013/4 Chairman of the Board of Mizuho Securities Co., Ltd. and Chairman of Mizuho Securities USA Inc.
2015/4 Senior Adviser of Mizuho Securities Co., Ltd. and Chairman of Mizuho Securities USA Inc.
2015/5 Senior Adviser of Mizuho Securities Co., Ltd. (to present)
2015/6 Outside Audit & Supervisory Board Member of Azbil Corporation (to present)
2018/3 Outside Company Auditor of Kuraray Co., Ltd. (to present)
2019/3 External Director of the Company (to present)

Audit and Supervisory Board Members



Kouji Kawakubo

Audit and Supervisory Board Member

1980/4 Joined The Yasuda Trust and Banking Co., Ltd.
 1999/10 General Manager of Consulting Department of The Yasuda Trust and Banking Co., Ltd.
 2007/4 Executive Officer and General Manager of Corporate Business Planning Department of Mizuho Trust & Banking Co., Ltd.
 2009/4 Managing Executive Officer and General Manager of Consulting Department of Mizuho Bank, Ltd.
 2011/4 Managing Executive Officer in charge of Branches Department and Deputy General Manager of Corporate Services Group of Mizuho Trust & Banking Co., Ltd.
 2012/4 Managing Executive Officer in charge of Sales Branch Department of Mizuho Trust & Banking Co., Ltd.
 2013/3 President and Representative Director of Mizuho Trust Realty Co., Ltd.
 2015/7 President and Representative Director of Mizuho Realty Co., Ltd. (retired in March 2017)
 2017/3 Audit and Supervisory Board Member of the Company (to present)



Takashi Yoshino

Audit and Supervisory Board Member

1983/4 Joined The Yasuda Fire and Marine Insurance Co., Ltd.
 2009/4 General Manager of Marine Insurance Office of Sampo Japan Insurance Inc.
 2011/10 President and Director of Sampo Japan Nipponkoa Insurance Company of Europe Limited (retired in March 2016)
 2013/4 General Manager, Europe Division of Sampo Japan Insurance Inc.
 2014/4 Executive Officer and General Manager of Europe Division of Sampo Japan Insurance Inc.
 2014/9 Executive Officer and General Manager of Europe Division of NIPPONKOA Insurance Co., Ltd.
 Executive Officer and General Manager of Europe Division of Sampo Japan Nipponkoa Insurance Inc.
 Executive Officer and General Manager of Europe Division of Sampo Japan Nipponkoa Holdings, Inc. (retired in March 2016)
 2016/4 Executive Vice President of Sampo Japan Nipponkoa Insurance Inc.
 2018/4 Executive Vice President and General Manager of Enterprise Market Promotion Division of Sampo Japan Nipponkoa Insurance Inc. (retired in March 2019)
 2019/3 Audit and Supervisory Board Member of the Company (to present)



Takao Yamaguchi

External Audit and Supervisory Board Member

1985/2 Registered as a certified public accountant
 1987/9 Joined Yamaguchi Certified Public Accountant Office
 1996/1 Head of Yamaguchi Certified Public Accountant Office (to present)
 2013/6 External Audit and Supervisory Board Member of SATO HOLDINGS CORPORATION (to present)
 2015/6 Outside Corporate Auditor of KYORIN Holdings, Inc. (to present)
 2016/3 External Audit and Supervisory Board Member of the Company (to present)



Sayaka Hieda

External Audit and Supervisory Board Member

2007/9 Registered as a lawyer
 Joined HANZOMON SOGO LAW OFFICE (resigned in December 2009)
 2010/1 Joined OMOTESANDO SOGO LAW OFFICE (to present)
 2019/3 External Audit and Supervisory Board Member of the Company (to present)

Managing Officers

Position	Name	Areas of responsibility and important concurrent positions
President & Chief Executive Officer	Hitoshi Nomura	
Senior Executive Managing Officers	Masami Kamo	Division Director of Real Estate Solution Service Division President & Chief Executive Officer of Tokyo Tatemono Real Estate Sales Co., Ltd.
	Kengo Fukui	Responsible for Kansai Branch, Sapporo Branch, Kyushu Branch, and Nagoya Branch; and Division Director of Commercial Properties Division
Executive Managing Officers	Katsuhito Ozawa	Responsible for Corporate Communications Department, Finance Department, and Accounting Department; Division Director of International Business Division; and General Manager of International Business Department
	Akira Izumi	Responsible for Personnel Department, Corporate Planning Department, General Affairs Department, and Appraisal Department; and General Manager of Corporate Planning Department
	Hisatoshi Kato	Division Director of Senior and Child Care Business Division and Leisure Business Division; and General Manager of Senior and Child Care Business Planning Division and Leisure Business Planning Division President and CEO of Tokyo Tatemono Senior Life Support Co., Ltd.
	Hideshi Akita	Division Director of Residential Development Division
Managing Officers	Yasushi Suzuki	General Manager of Building Engineering Department
	Yoshihiro Jozaki	President and CEO of Tokyo Realty Investment Management, Inc.
	Masami Tashiro	General Manager of Project Development Department
	Satoshi Eida	General Manager of Kansai Branch and General Manager of Project Management (Kansai) Department
	Takeshi Jinbo	Vice Division Director of Residential Development Division and General Manager of Acquisitions Department
	Shinjiro Kobayashi	General Manager of Urban Development Department
	Nobuyoshi Takahashi	General Manager of General Affairs Department
	Masayuki Okubo	General Manager of Business Planning Department
Kazuki Sugise	General Manager of Retail Management Department (1)	

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Financial and Non-Financial Data

Financial Data

As of / Years ended December 31	Unit	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Profit or Loss												
Revenue from operations	Millions of yen	199,811	262,609	198,274	166,943	194,161	220,026	237,049	260,012	254,498	266,983	273,302
Operating income (loss)	Millions of yen	27,710	29,162	24,055	(678)	30,892	29,361	30,559	34,439	36,363	44,757	46,765
Recurring income (loss)	Millions of yen	20,500	19,331	13,687	(10,875)	21,741	21,959	17,317	24,796	30,635	39,416	42,036
Profit (loss) attributable to owners of the parent	Millions of yen	10,101	6,345	6,316	(71,774)	10,243	10,121	82,944	16,359	19,742	22,599	27,277
Financial Position												
Total assets	Millions of yen	964,030	969,492	927,925	898,017	895,296	938,161	1,319,465	1,297,112	1,314,558	1,441,050	1,451,584
Net assets	Millions of yen	231,354	259,292	262,597	192,101	212,491	262,276	305,808	312,530	325,593	353,419	356,578
Interest-bearing debt	Millions of yen	539,606	510,934	460,835	513,616	479,746	434,763	748,273	707,356	727,302	814,032	857,117
Cash flows												
Net cash provided by (used in) operating activities	Millions of yen	(16,753)	66,293	59,730	8,053	57,332	22,135	(4,790)	21,762	38,783	(14,196)	19,748
Net cash provided by (used in) investing activities	Millions of yen	(76,761)	(48,915)	(1,464)	(37,164)	(15,385)	37,083	257,798	(21,250)	(53,024)	(64,508)	(63,577)
Net cash provided by (used in) financing activities	Millions of yen	100,176	(18,487)	(53,122)	41,116	(35,855)	(47,119)	(277,787)	(40,177)	9,005	77,998	34,438
Net increase (decrease) in cash and cash equivalents	Millions of yen	6,461	(1,080)	4,828	11,982	6,586	12,804	(24,744)	(39,689)	(5,164)	(825)	(9,513)
Cash and cash equivalents at end of year	Millions of yen	17,159	16,078	20,906	32,889	39,466	52,271	86,907	47,217	42,053	41,227	31,702
Financial Indicators												
Return on equity	%	4.5	2.7	2.5	(32.5)	5.3	4.4	33.2	5.6	6.4	6.8	7.9
Return on assets	%	3.2	3.1	2.6	0.0	3.5	3.3	2.3	2.8	3.1	3.6	3.5
Equity capital ratio	%	23.2	26.2	27.6	20.6	22.9	26.7	21.7	23.2	24.2	23.9	24.0
Debt-to-equity ratio	Times	2.4	2.0	1.8	2.8	2.3	1.7	2.6	2.3	2.3	2.4	2.5
Interest-bearing debt / EBITDA multiple	Times	15.0	13.2	13.8	53.6	11.6	10.9	15.9	13.4	13.0	12.5	12.7
Per Share Information												
Earnings (loss) per share	Yen	31.99	19.51	14.67	(166.67)	23.79	23.55	193.12	75.91 ^{*1}	91.00	104.17	125.79
Net assets per share	Yen	709.62	590.82	594.74	429.46	476.23	583.11	665.51	1,390.07 ^{*1}	1,465.30	1,589.98	1,605.70
Dividends per share	Yen	16	10	8	0	5	5	6	20 ^{*1}	26	30	35
Payout ratio	%	50.0	51.3	54.5	—	21.0	21.2	3.1	26.3	28.6	28.8	27.8

*1 Effective July 1, 2015, the Company conducted a one-for-two reverse stock split pertaining to shares of common stock. Dividends per share for the fiscal year ended December 31, 2015, has been calculated assuming that this stock split was conducted on January 1, 2015.

Non-Financial Data (Social)

(Non-consolidated)	Unit	2014	2015	2016	2017	2018
Number of employees	People	543	576	584	687	719
Ratio of female employees	%	16.0	20.5	21.1	21.1	23.8
Number of managers	People	274	281	295	339	350
Ratio of female managers	%	1.8	2.1	2.7	3.2	4.6
New hires	People	11	15	14	19	22
Ratio of women among new hires	%	36.4	33.3	28.6	21.1	36.4
Ratio of employees with disabilities ^{*2}	%	2.06	2.06	1.88	1.98 [†]	1.87 [†]
Ratio of employees rehired after mandatory retirement	%	60.0	66.7	75.0	91.7	87.5
Employee turnover (at employee discretion)	%	1.7	2.2	1.4	1.4	2.6 [†]
Health examination checkup rate ^{*3}	%	100	100	100	100 [†]	100 [†]
Average number of paid vacation days acquired ^{*4}	Days	8.6	8.8	8.7	8.8 [†]	9.9 [†]
Number of occupational accidents ^{*3,5}	Cases	1	2	1	0 [†]	1 [†]
Number of lost workdays due to employee absence ^{*6}	Days	86	138	47	81 [†]	137 [†]

*2 Figures are as of June 1 of each year.

*3 Figures are for the period from April 1 of the given year to March 31 of the following year.

*4 Leave systems include summer vacation days, a day off on the anniversary of the Company's founding, and other such vacation days, but these days are not included in the figures above. Figures are for the period from April 1 of the given year to March 31 of the following year.

*5 Number of occupational accidents is the number of occupational accidents requiring one or more days off of work.

*6 The figure for 2018 is for the period from April 1 of the given year to March 31 of the following year.

† Third-party assurance has been received for these figures.

Non-Financial Data (Environmental)^{*7}

(Non-consolidated)	Unit	2014	2015	2016	2017	2018
Energy use (crude oil equivalent)	kl	19,185	22,822	21,592	22,083 [†]	23,895 [†]
Unit load	kl / thousand m ²	37.8	36.3	35.4	34.2	35.0
Greenhouse gas emissions	t-CO ₂	39,929	45,059	44,629	42,147 [†]	48,888 [†]
Scope 1	t-CO ₂	3,493	3,243	2,553	2,402 [†]	3,300 [†]
Scope 2	t-CO ₂	36,436	41,816	42,076	39,745 [†]	41,259 [†]
Scope 3	t-CO ₂	—	—	—	—	4,329 [†]
Unit load (excluding Scope 3)	t-CO ₂ / thousand m ²	78.6	71.6	73.1	65.3	65.2
Potable water use	Thousand m ³	486	569	579	584 [†]	654 [†]
Unit load	m ³ / m ²	1.0	0.9	0.9	0.9	1.0
Total waste emissions	t	3,208	4,685	4,914	5,173 [†]	4,945 [†]
Unit load	t / thousand m ²	7.4	7.9	8.6	8.6	8.3
Waste recycled	t	—	—	—	3,395	3,202 [†]

*7 Figures are for the period from April 1 of the given year to March 31 of the following year.

† Third-party assurance has been received for these figures.

Consolidated Financial Statements

Consolidated Balance Sheets

As of December 31, 2017 and 2018

Assets	(Millions of yen)	
	2017	2018
Current assets		
Cash and deposits	¥ 45,149	¥ 31,716
Notes and operating accounts receivable	10,779	11,876
Real estate for sale	77,636	104,221
Real estate for sale in progress	67,678	101,059
Real estate for development	76,626	78,157
Deferred income taxes	2,014	2,095
Other current assets	28,750	26,369
Allowance for doubtful accounts	(35)	(43)
Total current assets	308,600	355,454
Fixed assets		
Property and equipment		
Buildings and structures	370,725	362,482
Accumulated depreciation	(130,014)	(137,216)
Buildings and structures (net amount)	240,711	225,265
Land	531,906	527,272
Construction in progress	6,526	8,479
Other	25,880	28,284
Accumulated depreciation	(15,481)	(16,501)
Other, net	10,399	11,782
Total property and equipment	789,543	772,800
Intangible and other assets		
Leasehold rights	106,410	106,083
Goodwill	4,845	3,136
Other	955	1,196
Total intangible and other assets	112,212	110,416
Investments and other assets		
Investment securities	139,635	127,788
Investments in silent partnership	4,686	4,904
Long-term loans	21	7
Deferred income taxes	1,249	1,252
Lease and guarantee deposits	21,365	21,232
Retirement benefit assets	1,711	858
Other	62,117	56,966
Allowance for doubtful accounts	(93)	(98)
Total investments and other assets	230,694	212,912
Total fixed assets	1,132,449	1,096,130
Total assets	¥1,441,050	¥1,451,584

Liabilities	(Millions of yen)	
	2017	2018
Current liabilities		
Short-term borrowings	¥ 51,743	¥ 65,925
Commercial paper	15,000	33,000
Current portion of bonds	20,000	15,000
Accounts payable, trade	11,132	11,193
Deferred income taxes	7,999	5,835
Reserve for compensation for completed work	15	10
Provision for bonuses	778	929
Reserve for bonuses to directors and corporate auditors	44	43
Provision for environmental measures	210	—
Investments received for real estate specific joint enterprises	26,552	8,042
Other	54,096	45,944
Total current liabilities	187,571	185,924
Long-term liabilities		
Bonds payable	125,000	145,000
Long-term debt	597,642	594,449
Deferred income taxes	28,682	21,793
Deferred income taxes on revaluation	27,277	27,277
Provision for share-based remuneration for directors	—	53
Allowance for retirement benefits for directors	224	169
Provision for environmental measures	53	30
Guarantee deposits received	74,187	75,245
Retirement benefit liabilities	11,156	11,477
Investments received for real estate specific joint enterprises	22,161	18,600
Other	13,673	14,985
Total long-term liabilities	900,059	909,081
Total liabilities	1,087,630	1,095,005
Net assets		
Shareholders' equity		
Capital	92,451	92,451
Capital surplus	66,722	66,722
Retained earnings	87,153	107,468
Treasury stock	(32)	(237)
Total shareholders' equity	246,295	266,404
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	62,508	49,859
Revaluation difference on land	30,932	30,932
Foreign currency translation adjustments	4,530	872
Remeasurement of retirement benefits	664	61
Total of accumulated other comprehensive income	98,636	81,726
Non-controlling interests	8,487	8,447
Total net assets	353,419	356,578
Total liabilities and net assets	¥1,441,050	¥1,451,584

Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

Years ended December 31, 2017 and 2018

	(Millions of yen)	
	2017	2018
Consolidated Statements of Income		
Revenue from operations	¥266,983	¥273,302
Operating cost	189,095	192,134
Gross profit	77,887	81,168
Selling, general and administrative expenses	33,130	34,402
Operating income	44,757	46,765
Non-operating income		
Interest income	40	8
Dividend income	1,961	2,411
Equity in income of affiliated companies	1,682	408
Subsidy income	71	430
Other	622	333
Total non-operating income	4,378	3,593
Non-operating expenses		
Interest expense	6,103	6,020
Borrowing fee	1,757	1,156
Bond issuance expenses	184	206
Distribution from real estate specific joint enterprises	640	351
Other	1,033	585
Total non-operating expenses	9,719	8,321
Recurring income	39,416	42,036
Extraordinary income		
Gain on sale of fixed assets	266	54
Gain on sale of investment securities	—	28
Gain on negative goodwill	135	—
Gain on sales of investments in capital of subsidiaries and affiliates	—	637
Total extraordinary income	401	720
Extraordinary loss		
Loss on sale of fixed assets	9	0
Loss on retirement of fixed assets	130	159
Impairment loss	3,808	2,495
Loss on step acquisitions	22	—
Loss on exchange from business combination	27	—
Total extraordinary loss	3,999	2,655
Profit before income taxes and minority interests	35,818	40,101
Current income taxes	12,115	13,266
Deferred income taxes	133	(1,321)
Total income taxes	12,249	11,945
Profit	23,569	28,155
Profit attributable to non-controlling interests	970	878
Profit attributable to owners of the parent	¥ 22,599	¥ 27,277

	(Millions of yen)	
	2017	2018
Consolidated Statements of Comprehensive Income		
Profit	¥23,569	¥ 28,155
Other comprehensive income		
Valuation difference on available-for-sale securities	9,827	(12,987)
Deferred gains or losses on hedges	152	—
Foreign currency translation adjustments	305	(256)
Remeasurement of retirement benefits	(100)	(602)
Share of other comprehensive income (loss) of associates accounted for using the equity method	591	(3,401)
Total of other comprehensive income (loss)	¥10,776	¥ (17,248)
Comprehensive income	34,346	10,907
Comprehensive income attributable to:		
Comprehensive income attributable to owners of the parent	33,123	10,366
Comprehensive income attributable to non-controlling interests	1,222	540

Consolidated Statements of Cash Flows

Years ended December 31, 2017 and 2018

	(Millions of yen)	
	2017	2018
Cash flows from operating activities		
Profit before income taxes and minority interests	¥ 35,818	¥ 40,101
Depreciation	15,039	16,448
Impairment loss	3,808	2,495
Amortization of goodwill	1,637	1,709
Gain on negative goodwill	(135)	—
Loss (gain) on step acquisitions	22	—
Loss (gain) on exchange from business combination	27	—
Equity in earnings of affiliated companies	(1,682)	(408)
Increase (decrease) in allowance for doubtful accounts	(204)	13
Increase (decrease) in provision for bonuses	(13)	151
Increase (decrease) in provision for bonuses to directors and corporate auditors	(10)	(1)
Increase (decrease) in provision for share-based remuneration for directors	—	53
Increase (decrease) in provision for retirement benefits for directors	(48)	(54)
Increase (decrease) in provision for environmental measures	209	(233)
Increase (decrease) in retirement benefit liabilities	60	305
Interest and dividend income	(2,002)	(2,420)
Interest expense	6,103	6,020
Loss (gain) on sales of investment securities	—	(28)
Loss (gain) on sales of investments in capital of subsidiaries and affiliates	—	(637)
Loss (gain) on sales and retirement of fixed assets	(126)	105
(Increase) decrease in accounts receivable, trade	(926)	(1,104)
(Increase) decrease in inventories	(67,501)	(23,273)
Increase (decrease) in guarantee deposits received	2,277	1,155
Increase (decrease) in accounts payable, trade	(200)	1,381
(Increase) decrease in guarantee deposits paid	(159)	132
Increase (decrease) in deposits	5,892	(5,936)
Other	(5,502)	819
Subtotal	(7,615)	36,794
Interest and dividends received	4,408	4,004
Interest paid	(6,542)	(6,013)
Income taxes paid	(4,447)	(15,038)
Net cash provided by (used in) operating activities	(14,196)	19,748

Corporate Information

(As of December 31, 2018)

Consolidated Statements of Cash Flows

	(Millions of yen)	
	2017	2018
Cash flows from investing activities		
Proceeds from sale of marketable and investment securities	2,180	8,186
Payment for purchase of marketable and investment securities	(3,229)	(11,625)
Payment for acquisition of subsidiary shares involving changes in the scope of consolidation	(532)	—
Proceeds from the acquisition of the shares of subsidiaries involving changes in the scope of consolidation	64	—
Payment for investments in capital of subsidiaries and affiliates	(10,858)	(6,235)
Proceeds from sales of investments in capital of subsidiaries and affiliates	—	3,079
Payment for investments in silent partnership	(828)	(767)
Proceeds from withdrawal of investments in silent partnership	2,469	2,112
Proceeds from sale of fixed assets	956	1,350
Payment for purchase of fixed assets	(42,692)	(40,798)
Payments of loans receivable	(69)	—
Collection of loans	15	5
Increase (decrease) in investments received for real estate specific joint enterprises	(10,647)	(22,071)
Other	(1,337)	3,186
Net cash provided by (used in) investing activities	(64,508)	(63,577)
Cash flows from financing activities		
Increase (decrease) in short-term borrowings	(1,280)	(76)
Increase (decrease) in commercial paper	15,000	18,000
Increase in long-term debt	159,000	62,750
Repayment of long-term debt	(94,449)	(51,868)
Payments for long-term accounts payable, other	(907)	(903)
Proceeds from issue of bonds	30,000	35,000
Redemption of bonds	(20,761)	(20,000)
Proceeds from sales of treasury stock	0	0
Acquisition of treasury stock	(5)	(205)
Dividends paid	(6,068)	(6,935)
Dividends paid to non-controlling interests	(554)	(577)
Other	(1,974)	(744)
Net cash provided by (used in) financing activities	77,998	34,438
Effect of exchange rate changes on cash and cash equivalents	(119)	(122)
Net increase (decrease) in cash and cash equivalents	(825)	(9,513)
Cash and cash equivalents at beginning of year	42,053	41,227
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	—	(10)
Cash and cash equivalents at end of year	¥ 41,227	¥ 31,702

Company Overview

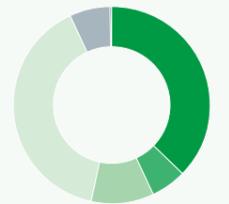
Company Name	Tokyo Tatemono Co., Ltd.
Date of Establishment	October 1, 1896
Capital	¥92.4 billion
Representative	Hitoshi Nomura, President & Chief Executive Officer
Number of Employees (consolidated)	5,010
Head Office	Tokyo Tatemono Head Office Building 1-9-9 Yaesu, Chuo-ku, Tokyo 103-8285 Phone: 03-3274-0111 (Representative)
Stock Listing	First Section of Tokyo Stock Exchange
Listing Date	September 1907
Securities Code	8804
Trading Unit	100 shares
Number of Shares Authorized	400,000,000
Number of Shares Issued and Outstanding	216,963,374

Principal Shareholders

	Number of shares owned (thousands of shares)	Ratio of shares owned
Master Trust Bank of Japan, Ltd. (Trust Account)	20,645	9.52%
Japan Trustee Services Bank, Ltd. (Trust Account)	13,747	6.34%
SSBTC CLIENT OMNIBUS ACCOUNT	5,910	2.72%
Sompo Japan Nipponkoa Insurance Inc.	5,242	2.42%
Meiji Yasuda Life Insurance Company	4,729	2.18%
THE BANK OF NEW YORK MELLON 140051	4,282	1.97%
Japan Trustee Services Bank, Ltd. (Trust Account 5)	4,219	1.95%
JP MORGAN CHASE BANK 380634	4,009	1.85%
JP MORGAN CHASE BANK 385151	3,128	1.44%
STATE STREET BANK AND TRUST COMPANY 505001	2,896	1.34%

Distribution of Shares Held by Shareholder Type

Financial institutions	37.39
Securities companies	5.79
Other Japanese corporations	10.40
Foreign corporations, etc.	39.59
Individual, etc.	6.82
Treasury stock	0.01



Share Price and Trading Volume



Additional References

Financial Information Resources

Investor Relations
<https://tatemono.com/english/ir/>
 IR Library
<https://tatemono.com/english/ir/library/>

Non-Financial Information Resources

CSR Activities
<https://tatemono.com/csr/english/>
 CSR Report 2019
https://tatemono.com/csr/english/reports/pdf/2019csrall_e.pdf
 ESG Data Book 2019
https://tatemono.com/csr/english/uploads/esgdata_2019_01.pdf