



Integrated Report 2021

TOKYO TATEMONO GROUP
Integrated Report

“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.

Founding Spirit

“The Customer Always Comes First” Spirit

Established in 1896 by Zenjiro Yasuda, the founder of the former Yasuda conglomerate, Tokyo Tatemono is Japan's oldest comprehensive real estate company. From the outset, Yasuda's principle of always putting the customer first, along with an enterprising spirit that has anticipated changes in the times, have been the ground of the Company's activities. From this foundation, Tokyo Tatemono has helped to enhance the attractiveness and value of various regions and expanded into a range of real estate development businesses, including the development of new assets that have responded to the needs of society over time.

Even now, more than a century after the Company's founding, this mindset continues to inform and guide the Tokyo Tatemono Group. Taking pride in the trust we have accumulated over the years, Tokyo Tatemono will continue to grow as a company as we contribute to the creation of a prosperous society.



Zenjiro Yasuda



Company headquarters at its establishment in 1896

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Editorial Policy

Integrated Report 2021 was prepared with the goals of enhancing communication with stakeholders and fostering understanding regarding the intention of the Tokyo Tatemono Group to create value over the medium to long term through the provision of financial and non-financial information. For future reports, we intend to incorporate feedback from readers to improve the contents.

Reporting Period

This report primarily covers the fiscal year ended December 31, 2020. 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.



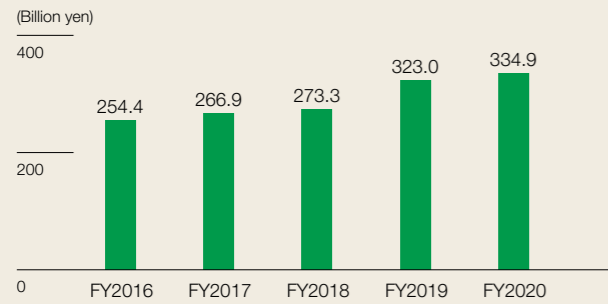
Disclaimer Regarding Forward-Looking Statements

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.

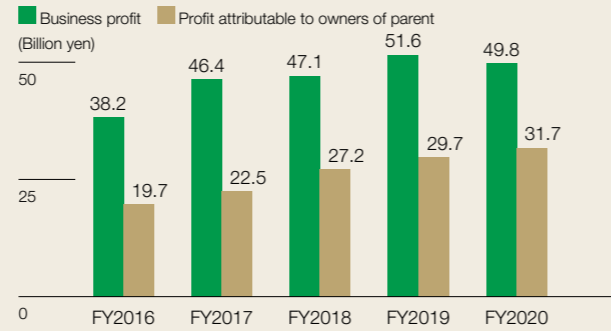
At a Glance

>> Tokyo Tatemono Group in Numbers

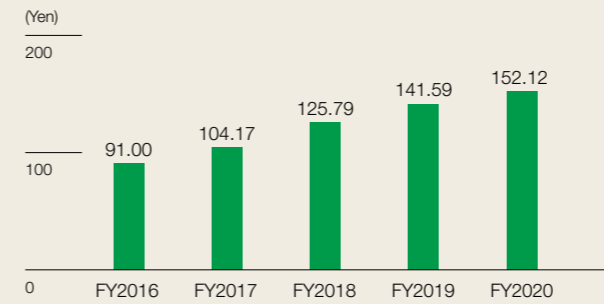
Operating revenue



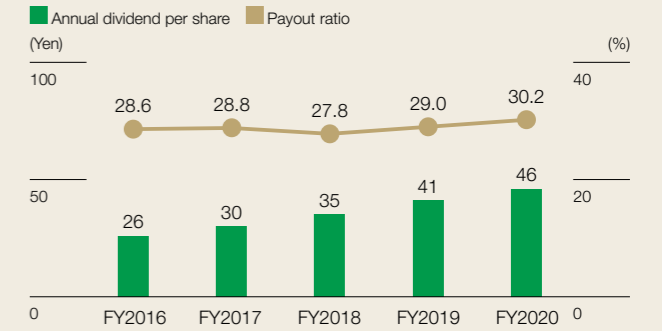
Business profit / Profit attributable to owners of parent



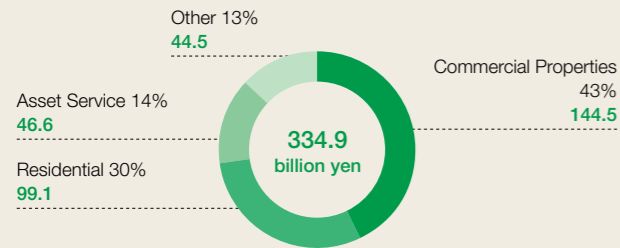
Earnings per share (EPS)



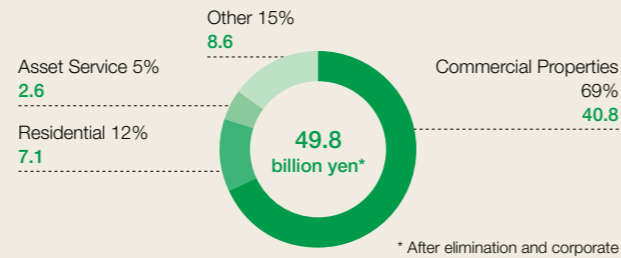
Annual dividend per share / Payout ratio



Operating revenue per segment



Business profit per segment



>> Segment Overview

Commercial Properties Business

The Commercial Properties Business encompasses business activities ranging from urban development and office building development and operation to facility management, building maintenance, and maintenance/remodeling. Our sphere of operations centers mainly on the international city of Tokyo. We are working together as a group to provide not only quality properties and facilities but also a range of services to provide office building users with a sense of safety, security, and comfort.

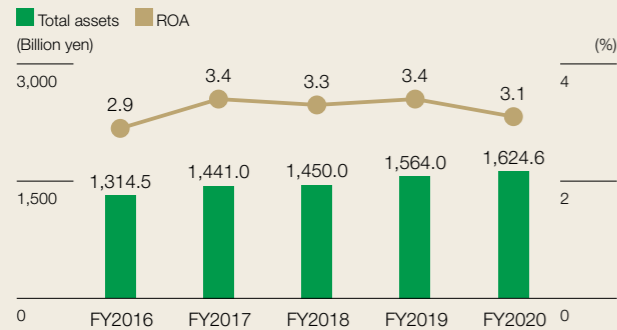
pp. 32-35

Residential Business

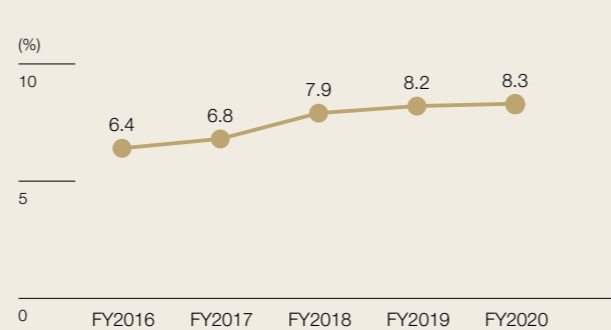
The Residential Business is engaged in the for-sale condominiums and for-rent condominiums businesses, centered on the Brillia brand of refinement and comfort, primarily in the Tokyo metropolitan area. We offer high-quality housing based on a unique, comprehensive framework that includes all the functions needed to support a more comfortable life for our customers, ranging from planning and development to management, repair, renovation, and brokerage.

pp. 36-38

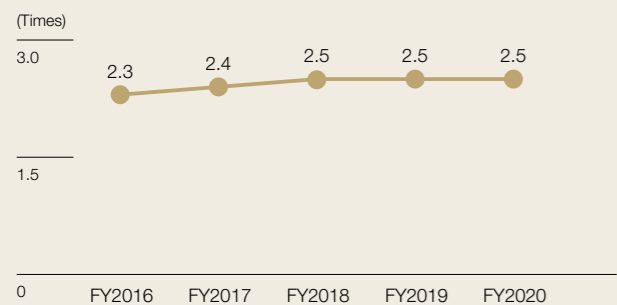
Total assets / ROA



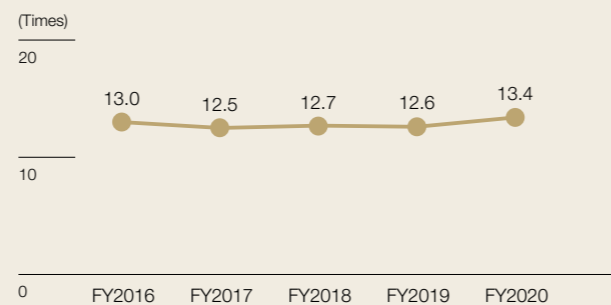
ROE



Debt-equity ratio



Interest-bearing debt/EBITDA multiple



Asset Service Business

Capitalizing on the range of services offered by the Tokyo Tatemono Group for the effective use of property and land, the Asset Service Business provides comprehensive solutions through several business activities: the real estate brokerage business; the asset solution business, which seeks to increase the value of and sell acquired real estate; the management service business; and the parking business, centered on the NPC24H brand of parking lots.

pp. 39-40

Other Businesses

Other Businesses have grown to include a variety of business activities: overseas businesses engaged in property development in China and other Asian countries; real estate fund business, which offers and manages various real estate investment products such as J-REITs, private REITs, and private funds; and leisure and child care businesses which address the real lifestyles and needs of people.

pp. 43-45

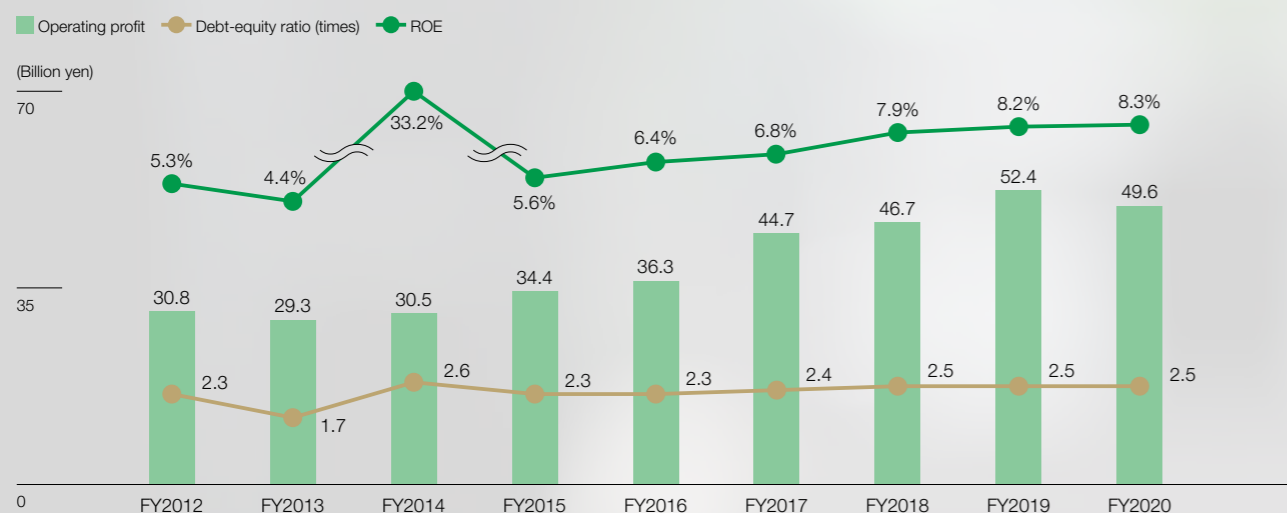
Overview of the Medium-Term Business Plan

» Trajectory of Past Business Plans

2012–2014 Medium-Term Business Plan			2015–2019 Medium-Term Business Plan		
	Quantitative Targets	Results		Quantitative Targets	Results
Operating profit	35 billion yen	30.5 billion yen	Operating profit	50 billion yen	52.4 billion yen
Debt-equity ratio	3	2.6			
			Targets for Financial Indicators		Results
			Debt-equity ratio	3	2.5
			Interest-bearing debt/EBITDA multiple	13	12.6

Category	Details
Targets Achieved	In light of our desired future direction for the Group, this medium-term business plan was positioned as a stage for reinforcing the business foundation. The plan called for the company's transformation centered on strategically focused structural realignment and optimization of the value chain. Our aim was to thoroughly strengthen earnings power and the Group's financial position. We implemented various measures, including selling some business units and reorganizing the special purpose company structure for large-scale projects. In addition, by keeping interest-bearing debt down and expanding the equity base, we reinforced the financial position beyond the plan's initial targets.
Issues Remaining	Although we built a sound financial base, we failed to achieve target profit levels, and the plan concluded with profitability as an ongoing issue. We recognized the need to boost profitability by building a business portfolio with high growth potential, which would enable us to achieve sustainable growth over the longer term. We incorporated this recognition into the next medium-term plan.
Targets Achieved	The objective of this medium-term business plan was to strengthen earnings power and build a business portfolio with high growth potential. To achieve this, the plan called for us to provide a range of high-quality services to enhance customer satisfaction, strategically focus on fields and business domains where we could take full advantage of the Group's unique expertise and competitive strengths, strengthen the value chain, and deliver "amazing value" through organic collaboration between a variety of business units. We achieved profit growth in excess of the initial target and practiced a more disciplined financial management approach. At the same time, in addition to pursuing consistent growth in each business, we took various initiatives for future growth, such as investing in hotels and logistics facilities and other new asset types and expanding the stock of quality real estate.
Issues Remaining	We were successful in strengthening earnings power and maintaining a sound financial position. However, the need for actions that would ensure sustainable growth became more apparent as we faced shifts in the business environment, including mounting competition between international cities, increasingly diverse lifestyles, and rapid advances in digital technology, coupled with the pressing issue of sound ESG management.

» Operating profit, Debt-equity ratio, ROE



» Long-Term Vision

Long-Term Vision Looking Ahead to the Period around 2030

Becoming a Next-Generation Developer

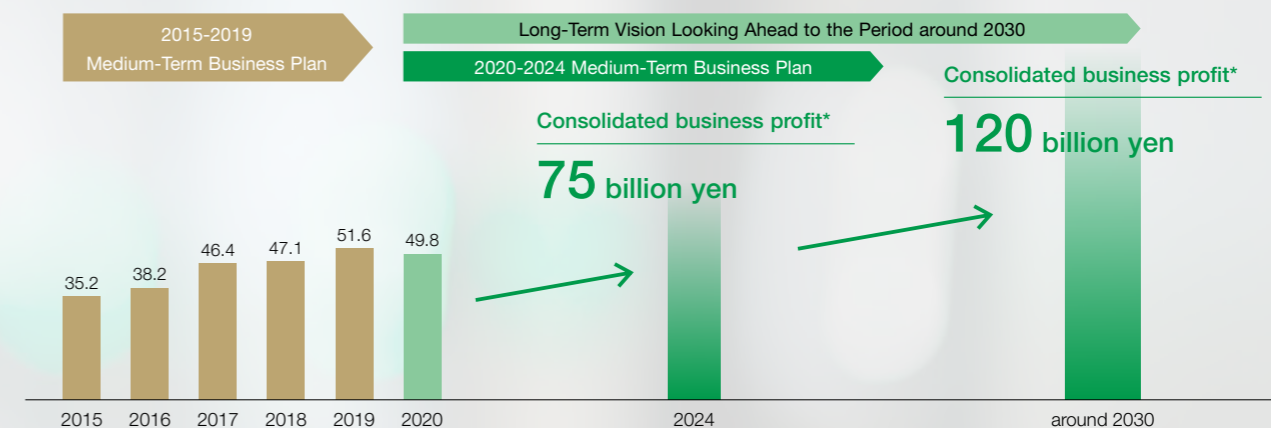
The pace of change in the business environment is accelerating, while the need for sounder ESG management grows more urgent every year. In this environment, to equip the Tokyo Tatemono Group as a whole to realize sustainable growth after 2020, in February 2020 we formulated a long-term vision looking ahead to the period around 2030, the year when a number of large-scale redevelopment projects currently under way will be completed, and which also coincides with the target year of the Sustainable Development Goals (SDGs).

» Long-Term Vision and Materiality p. 17

» Positioning of the Current Medium-Term Business Plan (FY2020-2024)

In February 2020, to accomplish the Group's long-term vision looking ahead to 2030, together with a new long-term vision statement, we formulated a medium-term business plan covering the five years from fiscal 2020 to 2024. The plan targets a milestone of 75 billion yen in consolidated business profit in its last year.

Medium-Term Business Plan and Consolidated Business Profit



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

» Profit and Financial Plan

FY2024 Figures

Profit Target	Capital Efficiency	Financial Indicators	
Consolidated business profit	ROE	Debt-equity ratio* ¹	Interest-bearing debt / EBITDA multiple* ²
75 billion yen	8~10 %	Approx. 2.4 times	Approx. 12 times

*¹ Debt-equity ratio = consolidated interest-bearing debt/consolidated owners' equity

*² Interest-bearing debt/EBITDA multiple = interest-bearing debt/(operating profit + interest and dividend income + share of profit (loss) of entities accounted for using equity method + depreciation + amortization of goodwill)

Overview of the Medium-Term Business Plan

>> Key Strategies

- | | | | |
|---|---|---|---|
| <p>Key Strategies
1</p> | <p>Pursue large-scale redevelopment projects</p> <p>We engage in the pursuit of large-scale redevelopment projects and take initiatives to enhance the appeal of the areas around these projects, aiming to increase the value of our entire office building portfolio and expand the flow of stable leasing profit.</p> | <p>Key Strategies
4</p> | <p>Strengthen brokerage, fund, and parking businesses</p> <p>We will strengthen our brokerage and parking businesses with a focus on building up the real estate portfolio and meeting needs for the effective use of real estate. We will strengthen the fund business by expanding property sales to investors; for instance, to REITs sponsored by the company.</p> |
| <p>Key Strategies
2</p> | <p>Strengthen the for-sale condominiums business</p> <p>Redevelopment and rebuilding will be our tools enabling the ongoing acquisition of opportunities to develop highly-competitive condominiums, providing quality housing in response to social changes.</p> | <p>Key Strategies
5</p> | <p>Grow our overseas businesses</p> <p>We aim to collaborate with leading local partners, primarily in China and other Asian countries, to acquire new business opportunities centered mostly on for-sale condominiums with quick turnover.</p> |
| <p>Key Strategies
3</p> | <p>Expand property sales to investors</p> <p>Through proactive investment in a broad pool of asset types, including logistics facilities, for-rent condominiums, and urban hotels, we will continue to seize development opportunities and sell properties expeditiously to generate profits.</p> | | |

>> Evolution of ESG Management

We are developing ongoing sustainability measures, having established a Sustainability Committee to work with business divisions to set goals, monitor progress, and evaluate performance levels. We aim to leverage positive ratings from ESG rating agencies as benchmarks for our inclusion in ESG indices.

System to promote sustainability measures



Message from the CEO

Building on a foundation of trust, we will achieve a balance at a higher level between providing solutions to social issues and pursuing growth as a business.



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

Message from the CEO

» «Trust beyond the era.” Our corporate philosophy is grounded in trust extending over a century.

Tokyo Tatemono was established in 1896 by Zenjiro Yasuda, founder of the Yasuda conglomerate, and is Japan’s oldest comprehensive real estate company. Eiichi Shibusawa, the father of modern Japanese capitalism, was also deeply involved in our establishment. He helped start about 500 companies in his lifetime, of which 186 are said to still be in business. Tokyo Tatemono is one of them. Capital markets today are trending away from shareholder capitalism. One illustration of this is that the topic of the World Economic Forum annual meeting in Davos in January 2020 was “stakeholder capitalism.” In that sense, we can say that what many entrepreneurs like Yasuda and Shibusawa aspired to, and what has continued down the years through the Japanese spirit of valuing both the public good and economic potential, already incorporated the notion of sustainability. This ethos is especially deeply engrained in Tokyo Tatemono. Our Group has always put emphasis on quality rather than the sheer pursuit of revenue and asset building. Our top priority when we do business is to earn the trust of our stakeholders. This has borne fruit in a variety of ways. After World War II, nearly all of Tokyo Tatemono’s overseas assets were seized, and the company was compelled to dramatically scale down its assets. But I believe this focus on earning trust is precisely why we were able to go on and establish our position as one of Japan’s foremost property developers. Without question, trust will be the lifeline for our sustainable growth going forward, and I believe the source of that trust lies in the way each of our people engages with our customers. Tokyo Tatemono, I feel, is blessed with many winsome employees who are well received by people. Customers often contact us requesting to work with a certain employee. As employees build a reputation for trustworthiness, this opens the door to new business opportunities. Any project, no matter how large, starts with gathering information, but in many cases, it is customers who come to us with information first, and we end up winning the project.

In a world that is changing rapidly and will continue to change, no matter how far property technology and other IT may progress, I’m convinced that we must never lose sight of our corporate philosophy, which is the DNA of the Group, and what will sustain us as long as business is something that human beings create together.

» «Companies that shirk challenges will never achieve their vision.

Guided by our long-term vision of “Becoming a Next-Generation Developer,” we will continue to take on challenges as we look ahead to 2030. We purposefully used the word “next-generation”—this reflects our resolve that, as issues emerge in our quest to realize a sustainable society, the role our Group plays should change significantly. Our ideal of a next-generation developer is an organization that can achieve a high-level balance between providing solutions to social issues and pursuing growth as a business. To become such an organization, in our development projects we have to pursue transformative ideas both in terms of properties and buildings and in terms of thinking and innovation, to create places that allow people to thrive, where they work, live, and relax. Building the value of such places is how we can create the value of experience and contribute to people’s flourishing. This is the greatest value Tokyo Tatemono can bring to society, and the reason for the Group’s existence.

The force driving us to realize this vision is the ethos that has animated Tokyo Tatemono from the beginning: an enterprising spirit unafraid of failure as we boldly embrace challenges. A strong determination to break new ground runs through the heart of our corporate culture. Looking back, we see many instances of this—we were first in the industry to develop real estate securitized products under the Special Purpose Company Act (now the Act on Securitization of Assets), first to build a complex that integrates local government offices with residential space (Brillia Tower Ikebukuro), first to build a net zero-energy (ZEH) high-rise condominium (Brillia Tsurumaki). The list goes on.

Of course, if you keep taking on challenges like this, you will inevitably fail at times. I appreciate the words of the famous swordsman-philosopher Miyamoto Musashi: “Do not regret what you have done.”

In times like these when no one can tell what lies ahead and even what tomorrow may bring is uncertain, anyone who is trying to decide whether or not to take some course of action will naturally be afraid to fail, and many will find it hard even to take the first step. Breaking down the psychology of not wanting to fail, it is not so much that people can’t stand the thought of failing itself, but rather they can’t stand the thought of themselves regretting having failed. In other words, if I’m confident that I can live with my mistakes, I won’t shy away from taking on a challenge. To fail after making a rational judgment and taking action is simply to have the chance to reflect on what happened and bring that insight to bear on the next action. As a manager, my personal philosophy is guided by the essence of Musashi’s words, which inspire me to do what needs to be done day by day. It is in this spirit that I hope to foster a corporate culture where people are prepared to give their best in dealing with any situation, no matter how hard, to make our vision a reality.

» «Creating shared values with society

After much discussion among management, centered on the Sustainability Committee formed in 2020, the Tokyo Tatemono Group identified new material issues in June 2021. I take materiality to be issues that are crucial to our long-term vision of achieving a balance between providing solutions to social issues and pursuing growth as a business—which is precisely the concept of sustainability management. We looked at materiality from the perspective of both creating social value and the infrastructure needed to create such value. We identified 14 material issues, including strengthening Tokyo’s competitiveness as an international city, value co-creation and innovation, promoting a decarbonized society, and diversity and inclusion. Going forward, we will ensure a common understanding of these issues among all Group employees as we pursue specific business initiatives. For instance, one initiative related to strengthening Tokyo’s competitiveness as an international city and to value co-creation and innovation involves building an “innovation ecosystem” in the area around Tokyo Station, where our company was founded. By bringing together and fostering exchanges among various players, such as major corporations, venture startups, investors, and research institutes, our redevelopment project in the



Message from the CEO

Yaesu, Nihonbashi, and Kyobashi areas around the station will engender a virtuous cycle of developing new fields and driving economic growth. We expect this organic collaboration to bring new energy and excitement to the area.

In terms of promoting a decarbonized society, calls for companies to turn their attention to the environment are growing more urgent. In 2020, many of the world's leading countries, including Japan, declared that they will be carbon neutral by 2050. The Group has set medium- and long-term targets for reducing greenhouse gas emissions, aiming by fiscal 2030 to reduce CO₂ emissions by 40% compared to fiscal 2019 and to net zero emissions by 2050. With our sights on this target, we will step up our efforts to achieve carbon neutrality.

» Taking the lead in uncertain times

The impact of the COVID-19 pandemic caused earnings in our hotel and retail facility leasing businesses and parking and leisure businesses to decline in fiscal 2020. Performance in the office leasing business remained solid, however, and sales of condominiums were up both in city centers and suburban areas. As a result, operating profit reached a record high for the fourth year in a row, and net

income attributable to owners of the parent was up for the fifth year in a row, making fiscal 2020 a very fruitful and important year for the Group.

In line with the policy of optimizing the business portfolio and asset structure laid out in the Medium-Term Business Plan, in December 2020 we transferred all shares of Tokyo Tatemono Senior Life Support, an operator of nursing homes and assisted living residences, to another company.

It is far from clear what course the COVID-19 pandemic will take in fiscal 2021 and further ahead, but we will steer the company through this crisis. Some news media have reported on the notion that offices are no longer necessary. If that notion actually gained traction, it would represent a serious risk to our Group, but I don't think it will come to that. Rather, although ways of working will likely shift to a hybrid of working from home and in offices, as AI, robotics and other technologies take over more routine tasks, I think human creativity will become more and more important. Regardless of how much digitalization advances, there is definitely a need for places where people can sit down together and thoroughly discuss issues. I see the diversification of values as an opportunity—Tokyo Tatemono will take the lead in further adding value to the office buildings, condominiums, and other “places” we provide.



» Responding to the environment and ensuring a growth trajectory

Looking ahead at market conditions, although our leasing office portfolio at the moment has been spared any significant impact in terms of rent levels or vacancy rates, it takes time for companies to decide to relocate offices, and leasing periods are tending to lengthen somewhat. Vacancy rates in the market as a whole are also climbing, and I think we have to keep close watch on leasing office market trends.

As for for-sale condominiums, real demand is firm, and sales have been robust both in highly convenient city center locations and in suburban areas with favorable living conditions. We expect to continue seeing a market environment conducive to sales, particularly against the backdrop of low interest rates and high stock market prices, which both tend to encourage investment in real estate.

In the real estate transaction market, domestic and foreign investors remain enthusiastic about property investment, not only in conveniently located offices, logistics facilities, and for-rent condominiums—there is also renewed investment interest in hotels and retail facilities that are expected to see a recovery in demand once the pandemic subsides. We expect ongoing solid performance in this market.

In the short term, we will make a considered response to these market conditions while continuing to ensure a growth trajectory for the Group. One key to enabling the Group to increase profits and continue to grow over the longer term is the steady expansion of leasing profit, which is primarily supported by large-scale developments. However, having completed the Hareza Tower in May 2020, we have no such developments in the pipeline until the Yaesu Project, planned for completion in 2025. During this four-year lull when we can't expect a sizable influx of leasable space, we will seek to grow profits by channeling resources into areas like the for-sale condominium business and property sales to investors. A current focus is the development of logistics facilities. Given the tremendous growth of the e-commerce market, we anticipate robust demand for logistics facilities to continue. Already, we

have increased the total investment amount for properties earmarked for sales to investors to around 340 billion yen (decided), of which more than 110 billion yen is for logistics facilities. Going forward, we will more actively develop such properties, drawing on a broad range of information routes, relationships with various operating companies, and our expertise in the field.

» Providing value and continuing to meet expectations

A key target set out in our previous Medium-Term Business Plan (FY 2015-2019) was significant growth in operating profit. All of our employees worked together to put the plan into action, and we ended up going above and beyond the target. Even though the current Medium-Term Business Plan (FY 2020-2024) was impacted by the COVID-19 pandemic soon after we launched it, we are making extremely good progress in terms of both qualitative and quantitative targets. However, there have been occasions in the past when we failed to achieve our targets, and after the global financial crisis of 2008 the Company recorded a deficit. Some of the stakeholders who have supported Tokyo Tatemono over the years may be wondering if we really have what it takes to carry through with the current plan and achieve our targets. We take such concerns to heart, and are committed to steadily implementing the priority measures outlined in the current plan, while reinforcing corporate governance through greater management transparency and a more diverse board of directors. In these ways we will carry forward the trust we have earned into our future business activities. Our aim is always to become, as our long-term vision says, a “next-generation developer.” I am convinced this is the way the Tokyo Tatemono Group can provide value to our customers, employees, business partners, local communities, shareholders, and all our stakeholders.

I am grateful to our stakeholders for your continued understanding and support for the Group.

A History of Value Creation

Since our foundation, Tokyo Tatemono, a pioneer of modern real estate, has been engaged in industry-shaping initiatives under the philosophy of the customer always comes first and the enterprising spirit inherited from our founder, Zenjiro Yasuda, who was also the founder of the Yasuda conglomerate. Our track record of doing business for more than 120 years is the basis for our current strengths.

Operating revenue (FY2020)

334.9 billion yen

Strengths Cultivated over More Than 120 Years of Doing Business

Ingenuity and problem-solving ability to meet the needs of customers and society

- Customer-centered office building and for-sale condominiums yielding high levels of customer satisfaction, as indicated in repeated surveys.
- Participation in many of Japan's largest urban revitalization projects, leveraging integrated strengths to realize complex developments.
- Efforts to address social issues, such as enhancing urban functions and bolstering disaster prevention.

Accumulated Trust, Track Record of Accomplishments, and Expertise

- An unbroken history of supporting the development of the real estate market in Tokyo and throughout Japan, from postwar reconstruction through the period of rapid economic growth to the present day.
- Strong brand recognition for the Brillia series of condominiums.
- Track record in public-private partnerships, such as Kasumigaseki Common Gate and a project on the site of the former Toshima ward office in Tokyo.

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

- "First" in Japan in countless ways. First to engage in real estate transactions using a monthly installment plan, which became the prototype for residential loans in Japan. First in the industry to package a real estate securitized product under the Special Purpose Company Act (now the Act on Securitization of Assets). Introduced private finance initiatives (PFI) into the field of urban development. First to build a high-rise complex integrating local government offices with residential space.
- In 1903, became the first Japanese real estate company to enter the Chinese market, soon expanding to six cities.
- Aggressively entered new business domains such as the leisure business, including dog-friendly hotels, and the parking business.

Striving to Satisfy All Stakeholders

- Worked with local communities in urban development, in the creation of venues bustling with energy, and in supporting community formation.
- Pursue various environmental initiatives, such as urban development that incorporates climate change countermeasures and conserves biodiversity.
- Certified as a Health & Productivity Management Outstanding Organization (since 2017).

* Colored squares in front of years correlate to the Strengths listed above

1896-1945 Birth of Japan's Oldest Comprehensive Real Estate Company

Tokyo Tatemono was founded by Zenjiro Yasuda, the founder of the Yasuda conglomerate, as a real estate company with specialized financial functions for land and building properties, in order to lay the groundwork for real estate transactions in Japan. After the Sino-Japanese War, the company was first to establish a business in China to manage and operate residences and buildings, going on to establish a track record in this area.

- 1896** Yasuda founded the company at the height of the Meiji era, a time when Japan was booming, because he perceived that specialized financial functions for land and buildings were needed both to improve individual people's lives and to further develop Tokyo as a whole. The first to grasp the needs of his day, Yasuda introduced a monthly installment plan for real estate transactions which became the prototype for residential loans in Japan.
- 1903** Quickly branched out into overseas markets. Starting with an office in Tianjin, the company soon expanded into six cities in China, engaging in the management and operation of residences and buildings.
- 1907** Listed on the Tokyo Stock Exchange



Zenjiro Yasuda



Tokyo Tatemono Building (former Tokyo Tatemono Headquarters Building)

1946-1996 Business Expansion in Response to Social Needs

As the Japanese economy developed, the company actively expanded its office building business to meet growing demand for office space. The company started the condominium business to cope with the housing shortage during Japan's period of rapid economic growth. To meet demand for land transactions associated with these businesses, the company also reinforced its brokerage business, evolving to become a truly comprehensive real estate company.

- 1960** Established four business pillars, clarifying its direction as a comprehensive real estate company: real estate sales, real estate leasing, real estate brokerage and appraisal, and residential land development.
- 1965** Set up a specialized real estate appraisal department even before a legal framework was established in Japan, setting its own standards and conducting appraisals, which provided a source of profit even during the postwar recession. Registered as a real estate appraisal company in 1965.
- 1969** Entered the for-sale condominiums business in response to the pressing housing shortage during Japan's period of rapid economic growth. Leading the condominium boom, launched sales of condominiums in Fujisawa city in 1968 and of Hiroo Heights condominiums in 1969.
- 1979** With rising demand for office space amid Tokyo's economic development, began development of new office buildings, completing the landmark Shinjuku Center Building at the heart of the Tokyo subcenter of Shinjuku.
- 1987** Launched To-Be, a comprehensive system supporting customers with real estate holdings, ranging from proposals for effective site use and basic planning, to business and financial planning, recruitment of tenants, and management and operation after completion.



Shinjuku Center Building

1997-2011 Rapid Expansion as a Comprehensive Developer

To further expand the business, the company has taken on the challenge of advanced initiatives such as large-scale redevelopment projects that draw on its integrated strengths as a comprehensive real estate company, and the development of Japan's first real estate securitized products. The company diversified the business into new areas, such as a retail facility business, fund business, and parking business.

- 1998** With its serviced apartments for foreign residents in the Takanawa district, the company was first in Japan to package a real estate securitized product under the Special Purpose Company Act (now the Act on Securitization of Assets).
- 2003** Unified condominiums under the Brillia brand. In 2004, formulated internal guidelines to ensure the consistency and quality of condominiums. Under the guidelines, started the industry's first construction site tours for condominium buyers.
- 2006** Completed Olinas, Tokyo's first complex redevelopment in which urban planning was carried out in tandem with district planning and zoning changes.
- 2007** Completed Kasumigaseki Common Gate, a public-private, large-scale redevelopment project using a private finance initiative (PFI) structure.
- 2007** Selected as partner company for the Suwa 2-Chome Housing reconstruction project in Tama New Town, the largest condominium redevelopment project in Japan, rebuilding from 640 units to 1,249 units. Completed as Brillia Tama New Town in 2013.
- 2011** Acquired a stake in Nihon Parking, which engages in the parking business nationwide.



Kasumigaseki Common Gate

2012- Urban Development for Cities of the Future

Using its accumulated expertise, the company has undertaken a series of large-scale redevelopment projects, continuing to complete projects that showcase the capabilities of the Tokyo Tatemono Group. With the aim of achieving a sustainable society, the company has engaged with local communities, society, and the natural environment in its pursuit of urban development that takes into consideration generations to come.

- 2012** Completed Nakano Central Park, a large-scale office building project that not only incorporates high earthquake-resistant buildings but a range of disaster prevention features throughout the area, and that is conducive to new working styles.
- 2013** Began sales of Brillia Tower Ikebukuro, Japan's first high-rise condominium complex integrating local government offices with residential space. Completed in 2015.
- 2013** Completed Tokyo Square Garden, one of Japan's most environmentally friendly office buildings.
- 2014** Completed Otemachi Tower, which seeks to conserve biodiversity, and encompasses a 3,600 m² Otemachi Forest.
- 2016** Drawing on its extensive redevelopment expertise, participated in numerous urban redevelopment projects, such as the Yaesu 1-Chome East Area in front of Tokyo Station and Hareza Ikebukuro, on the site of the former Toshima ward office.
- 2017** Pursued health and productivity management, certified as a Health & Productivity Management Outstanding Organization.
- 2020** Received an award in the Bond category at the Ministry of Environment's ESG Finance Awards Japan.



Hareza Ikebukuro (built on the site of the former Toshima ward office)

Value Creation Process

Management Capital

Financial Capital

A sound financial foundation supporting business activities

■ Total assets	1,624.6 billion yen
■ Debt-equity ratio	2.5x
■ Interest-bearing debt/EBITDA multiple	13.4x
■ Rating	A

Intellectual Capital

- Expertise in large-scale redevelopment projects and residential reconstruction
- Management and operation drawing on the Group's integrated strengths
- Well-known product and service brand
- Expertise in identifying profit opportunities

Social and Relationship Capital

- Relationships with a broad range of customers and tenants
- A wealth of information sources

Business Capital

Long-term assets generating stable income

■ Property and Equipment/ intangible assets	936.8 billion yen
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Short-term turnover assets leading to development profits

■ Real estate for sale	348.5 billion yen
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Human Capital

■ Number of group employees	5,344
■ Number of employees (Tokyo Tatemono only)	677
Number of employees with certification*	
■ Real Estate Broker	697
■ Real Estate Appraiser	22
■ First-Class Architect	95

* Tokyo Tatemono alone, including employees seconded from Tokyo Tatemono to outside positions

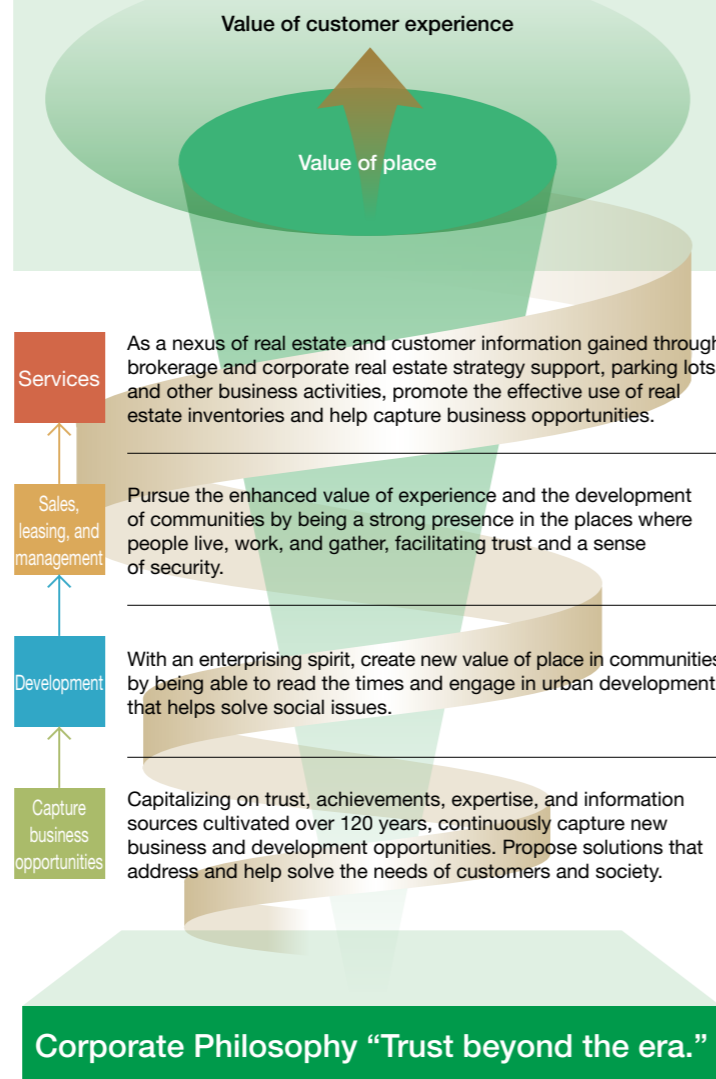
Natural Capital

Green Building certification	
■ Proportion of leasable office space	41.4%
Sustainability finance initiatives	
■ Total issue amount of green bonds and sustainability bonds (including 50 billion yen in hybrid corporate bonds)	90 billion yen

Business activities

The Role of the Tokyo Tatemono Group in Society

Creating the value of place and the value of customer experience to contribute to people's flourishing



Corporate Philosophy "Trust beyond the era."

Material Issues

Material Issues for the Tokyo Tatemono Group

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

- Improve employee growth and job satisfaction
- Diversity & inclusion
- Advancement of governance
- Strengthen risk management framework

The Group We Want to Become

Long-Term Vision (For 2030) Becoming a Next-Generation Developer

Target for 2030

Consolidated business profit
120 billion yen

Contribution to the SDGs

Shared values with society

Creating value of place and value of experience

Coexistence with the earth and the environment

Value-creating talent

Realizing sustainability management

Long-Term Vision

>> Long-Term Vision for 2030

Becoming a Next-Generation Developer

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

>> Fundamental Policy for Our Long-Term Vision

Steady Profit Growth

Target for 2030:
Consolidated business profit* of
120 billion yen

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

Basic Profit Growth Policy

- Steadily expand stable leasing profit, making it the core of our profit composition
- Target a well-balanced profit structure, mindful of capital efficiency

Solve a Variety of Social Issues



>> Values Tokyo Tatemono Shares with Society

Creating value of place and value of experience

Material Issues in Realizing the Vision

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

Coexistence with the earth and the environment

Material Issues in Realizing the Vision

- Promoting a decarbonized society
- Promoting a recycling-oriented society

Value-creating talent

Material Issues in Realizing the Vision

- Improve employee growth and job satisfaction
- Diversity & inclusion

Realizing sustainability management

Material Issues in Realizing the Vision

- Advancement of governance
- Strengthen risk management framework

Materiality

In response to recent changes in social conditions and values, in 2021 we revised our materiality demanding the Group's attention.

>> Materiality of the Tokyo Tatemono Group

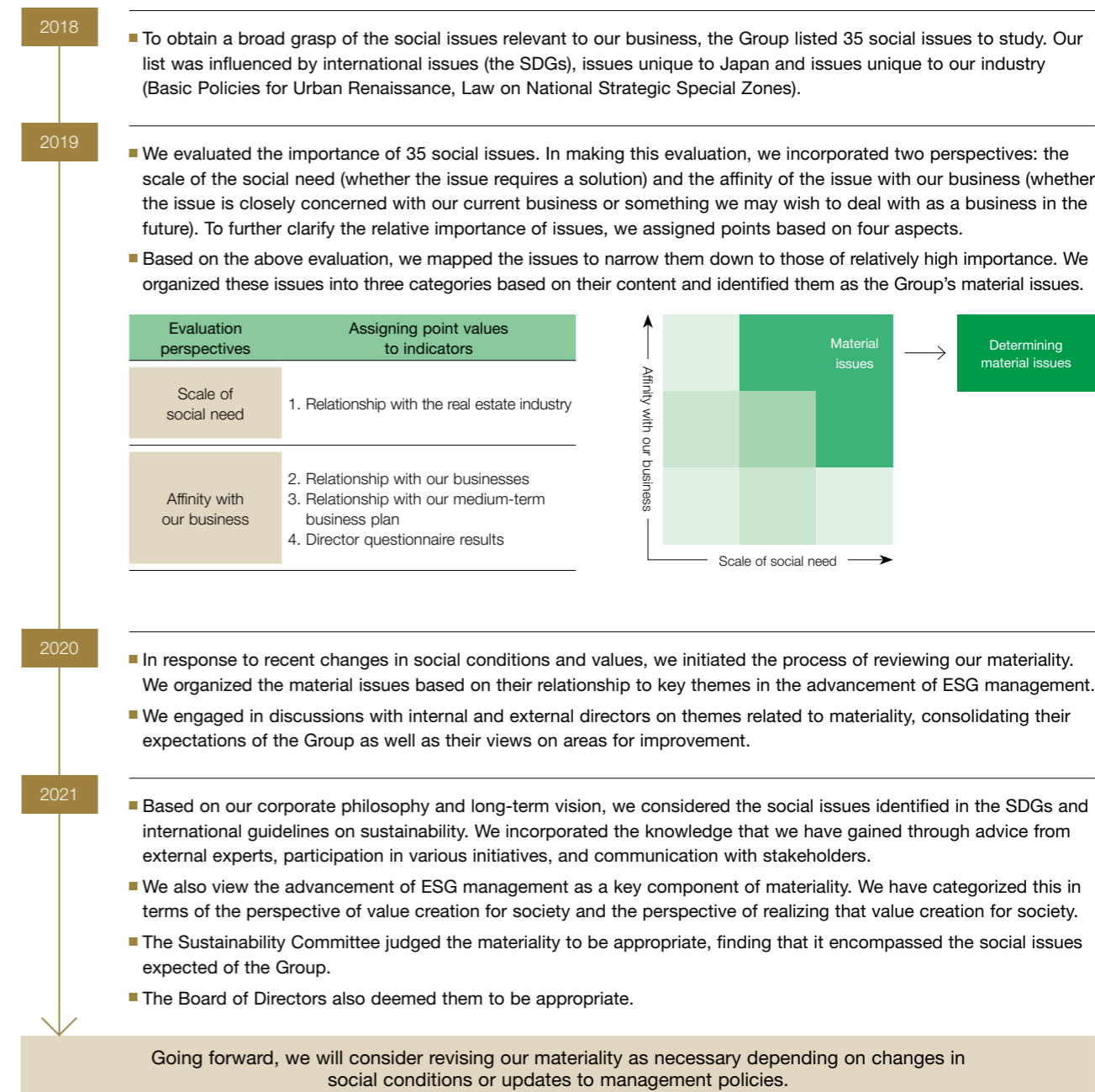


>> Our Approach to the SDGs

The SDGs are international goals targeting 2030 that were adopted at the United Nations Summit. The SDGs comprise 17 goals in a wide range of fields based on diverse social issues that affect developing and developed countries. Companies are expected to contribute to achieving the goals. Tokyo Tatemono Group takes this demand from society seriously. As such, we have incorporated the SDGs into our long-term vision and medium-term business plan and are actively implementing sustainability measures throughout the Group. As we operate our business as a developer, we will continue to be guided by the aim of realizing a sustainable society.



>> Materiality Identification Process



Information Resources Related to Social Issues

SDGs: International goals for the years 2016–2030 as listed in the 2030 Agenda for Sustainable Development (adopted at the United Nations Summit in September 2015)

Action Plan of the Growth Strategy: A summary of the government's priority policies, including its actions toward a new social vision in the context of COVID-19.

Green Growth Strategy: A summary of government policies to achieve carbon neutrality in 2050

Basic Policies for Urban Renaissance: A summary of the Japanese government's basic policy for revitalizing cities

Law on National Strategic Special Zones: A summary of the Japanese government's zoning policy for national strategic special zones

Feature

The Value Urban Development Brings:
Hareza Ikebukuro



» Urban development aimed at solving local issues in the Ikebukuro area

■ Developing “a theater city, where anyone can play a leading role”
Toshima Ward, site of the Hareza Ikebukuro development, is home to Ikebukuro, one of Tokyo’s leading commercial districts which is also known as one of the city’s three major sub-centers, along with Shinjuku and Shibuya. Ikebukuro Station is one of Japan’s largest terminal stations, servicing nine railway lines of four railway operators (JR East, Seibu Railway, Tobu Railway, and Tokyo Metro). It has an average daily footfall of 2.64 million passengers, the third highest of any station in Japan.

While Ikebukuro attracts a large daytime population as a commercial district, Toshima Ward also came into the spotlight in 2014 as the only one out of Tokyo’s 23 wards at risk of disappearing*, due to a declining birthrate and population outflow.

Tokyo Tatemono had prior experience in the area, having participated in the planning of Brillia Tower Ikebukuro, a construction project in Minami-Ikebukuro 2-chome Area A which centered on the development of new government office facilities for Toshima Ward. This experience gave us a solid grasp both of the issues facing the ward and of the immense potential of the Ikebukuro area for resolving these issues, giving rise in January 2015 to the concept of “a theater city where everyone can shine.”

» Tokyo Tatemono’s approach to urban development

Since its founding, the Tokyo Tatemono Group has established a lengthy track record in urban development, with large-scale projects including office buildings, condominiums, and retail facilities, as well as services that add value to property assets. The long-term vision we formulated in February 2020 reemphasized this approach to urban development, declaring our commitment to promote urban development that contributes to solving social issues, striving thereby to improve the appeal of the areas we develop and increase both the relative competitiveness of these areas and the value of our entire portfolio of owned office buildings.

■ Hareza Ikebukuro

In July 2020, we held the grand opening for Hareza Ikebukuro, a new large-scale complex developed and operated by Tokyo Tatemono together with joint venture partner, the Sankei Building Co., Ltd. The property is located around 300 meters from the east entrance of Ikebukuro Station in the heart of Tokyo’s Toshima Ward.

The site consists of the Hareza Tower office building, a new landmark in Ikebukuro with 33 floors above ground; Tokyo Tatemono Brillia HALL, a multipurpose hall building where up to around 1,300 people can enjoy Takarazuka Revue performances and musicals; the Toshima Civic Center; and Naka-Ikebukuro Park, which is surrounded by the three buildings. The name “Hareza Ikebukuro” derives from a combination of two Japanese words: “hare,” which means a special place to dress up and go out, and “za,” which means a place where many people gather.

Hareza Tower (office building)	
Address	18-1, Higashi-Ikebukuro 1-chome, Toshima-ku, Tokyo
Number of floors/height	33 floors above ground, 2 floors below ground/ approx. 158 m
Total floor space	Approx. 68,600m ²
Completed	May 2020
Tokyo Tatemono Brillia HALL (hall building)	
Address	19-1, Higashi-Ikebukuro 1-chome, Toshima-ku, Tokyo
Number of floors/height	8 floors above ground, 1 floor below ground/ approx. 41 m
Total floor space	Approx. 10,700m ²
Completed	April 2019

As a property developer, we wanted to fully bring out the unique, long-standing appeal of Ikebukuro as a “town” in its own right, captured in the phrase “a theater city where everyone can shine.” Guided by this concept, our proposal envisioned an unprecedented large-scale complex, uniquely suited to Ikebukuro, consisting of theaters offering cultural creativity and a large-scale, high-specification office space to serve as a business hub. Recognizing the potential for bringing renewed vitality to the area, Toshima Ward selected Tokyo Tatemono as project operator. The notion of “a theater city where everyone can play a leading role” lives on—it became the core concept of the International City of Arts and Culture Vision set forth by Toshima Ward to bring renewal to the area.

* As designated in May 2014 by the Japan Policy Council, a policy advocacy group of private sector experts

■ Turning to a financing scheme to solve the issues of Toshima Ward

Toshima Ward faced the challenge of needing to build new ward office facilities but facing a fragile financial position. It came up with an innovative financing scheme to resolve this problem. The scheme established a fixed-term land lease on the site of the old government building and the adjacent site of the former Toshima Public Hall, supplementing this using a lump-sum prepaid rent method. A public solicitation of developers resulted in the project being awarded to Tokyo Tatemono and joint venture partner Sankei Building. The proceeds of the 76-year-and-six-month fixed-term land lease were paid as a lump-sum in advance, enabling Toshima Ward to fund the construction cost of the new government building without incurring a substantial financial burden.

Tokyo Tatemono’s initiatives and role in Hareza Ikebukuro

Implementing area management to enhance the area’s appeal
With the objective of bringing renewed vitality to the Hareza Ikebukuro location and its surrounding area, we established a general incorporated association to plan and attract events that contribute vibrancy to the area, and to manage the area’s parks and other public assets.

Capitalizing on local cultural resources to create a vibrant atmosphere
Hareza Ikebukuro’s eight theaters create a space in which an array of cultural resources, including traditional performing arts rooted in Ikebukuro and the fruit of other subcultures, can be passed on simultaneously.

Creating a business hub
We developed a large-scale, high-specification office space that has become a new landmark for Ikebukuro, not previously known as an office district.

Rebirth of the aging ward office building
Development of the new Toshima Ward government building was possible through a financing scheme which did not generate an additional financial burden.

Creating public spaces congenial to young parents
A new public space was born that is easy for families to use and stimulates interactions among residents, helping to curb population decline in the ward.

Tokyo Tatemono

Toshima Ward

Feature: The value that urban development brings Hareza Ikebukuro

» Efforts to enhance the local appeal of Ikebukuro

■ Eight theaters have been built, boosting the ward's presence as an international city of arts and culture.

Hareza Ikebukuro has eight theaters, which plan to host an array of performances and events, ranging from traditional performing arts such as Kabuki, which dates from the 17th century, Takarazuka Revue, and other high culture, to subcultures such as manga, anime and cosplay, as well as cutting-edge art and culture that fuses the virtual and the real. The site is positioned as an art and culture center for communicating diverse cultural resources to the world.

Of the eight theaters, Tokyo Tatemono acquired naming rights for the multipurpose hall, the core facility which has a seating capacity of 1,300: Tokyo Tatemono Brillia HALL (Toshima Arts and Culture Theater) will help realize Toshima Ward's vision of becoming an international city of arts and culture.



Tokyo Tatemono Brillia HALL

Relevant materiality



Strengthening Tokyo's competitiveness as an international city

■ Activities of Hareza Ikebukuro Area Management

In June 2018, we established a general incorporated association, Hareza Ikebukuro Area Management, to carry out activities that contribute to the vibrancy and appeal of Hareza Ikebukuro and its surrounding area.

The association draws on the event spaces in Hareza Ikebukuro to plan and manage an array of different events, including those that showcase culture rooted in Ikebukuro.

It has also been designated as trustee of Naka-Ikebukuro Park, owned by Toshima Ward. By working to make more effective use of the area's roads and parks, which are public assets, the association is seeking to heighten the overall appeal of Hareza Ikebukuro from multiple angles and to build the value of the Ikebukuro area.

Relevant materiality



Community building and revitalization

■ Creating a new business hub in the international city of Tokyo

Hareza Tower in Hareza Ikebukuro boasts about 39,000 m² of leasable floor space, one the largest in the Ikebukuro area. Each floor offers roughly 1,700 m² of highly efficient, column-free space. The office spaces are both easy to use and easy to work in, featuring a grid air conditioning system that enables precise control, movement-sensitive lighting that becomes brighter upon entry to exclusive areas, and other amenities.

In addition to this high-specification building functionality, the convenient transportation in Ikebukuro, the appeal of the area as represented by local artistic and cultural offerings, and a location that allows people to live close to where they work combine to yield a highly competitive office space. As a result, the contract rate for Hareza Tower reached 100% at the time of completion, even though the COVID-19 pandemic was in full swing. In this way, we were able to create a new business hub in Tokyo, contributing to the area's diversity and appeal.



(Above) Ground floor entrance to the office building
(Below) Office space

Relevant materiality

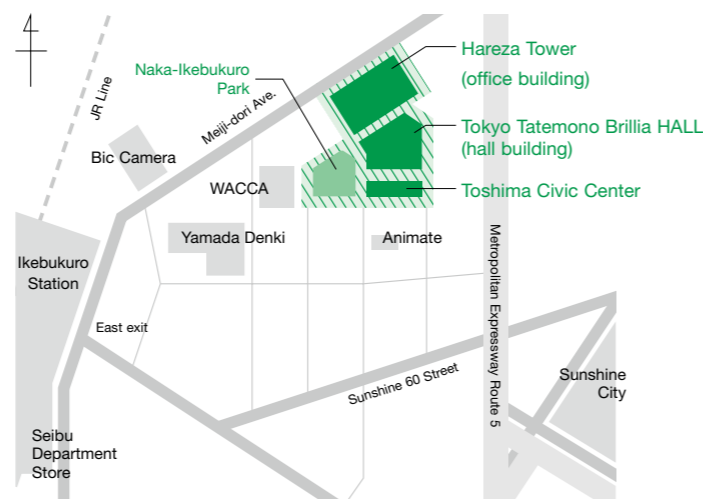


Strengthening Tokyo's competitiveness as an international city



Addressing the diverse needs of customers and society

Area map of Hareza Ikebukuro



» Initiatives to address social issues through urban development

Our pursuit of sustainable urban development, including the promotion of decarbonization, enhances the appeal of an urban area while also bringing stability to our business activities. In the Hareza Ikebukuro project, we sought an urban development approach that was fitting for the office hub of an international city like Tokyo, developing buildings equipped with high environmental performance and putting disaster-preparation measures in place.

■ An office building offering high environmental performance

Hareza Tower received the highest rating of five stars in the overall building evaluation*¹ of the Building-Housing Energy efficiency Labeling System (BELS). In the partial evaluation for office use, it was also recognized for having achieved a roughly 50% reduction*² in annual energy consumption, becoming the first superhigh-rise mixed-use building over 150 meters tall to obtain ZEB Ready*³ certification.

In addition to BELS certification, in fiscal 2019 the building also received the highest rank of five stars in the DBJ Green Building*⁴ certification by the Development Bank of Japan Inc. and the highest rank of S in CASBEE Building (New Construction)*⁵ of the Comprehensive Assessment System for Built Environment Efficiency (CASBEE), a system to assess buildings' environmental performance.

Relevant materiality



Promoting a decarbonized society



Promoting a recycling-oriented society

*1 Calculated using the Energy Consumption Performance Calculation Program (Nonresidential Version) Ver. 2.7.1 (commonly known as WEBPRO)

*2 Compared to a standard building of the same level

*3 According to the website of the Japan Housing Performance Evaluation and Display Association, BELS case data list (as of the end of June 2019)

*4 The DBJ Green Building Certification is a system established by the Development Bank of Japan to evaluate environmental and social initiatives in real estate

*5 CASBEE Building (new construction): A system for evaluating the energy efficiency and environmental impact of buildings in general, excluding detached houses, based on their design at the time of new construction. Managed by the Institute for Building Environment and Energy Conservation

■ Creating a community that is prepared for disasters

Creating safe, secure communities that are prepared for disasters like earthquakes and typhoons is society's chief demand for urban development in Japan.

Tokyo Tatemono concluded an agreement with Toshima Ward on measures to deal with people who have difficulty returning home in the event of a disaster. This includes not only accepting stranded people at Hareza Tower and Tokyo Tatemono Brillia HALL, but also liaising with Naka-Ikebukuro Park, which is designated as a temporary evacuation area, and the Toshima Civic Center operated by Toshima Ward. In this way we are playing a part in creating a safe and secure community.



Naka-Ikebukuro Park (after renovation) has been designated as a temporary evacuation area in the event of a disaster

Relevant materiality



Contributing to a safe and secure society

» The value that ongoing urban development brings

To enhance the appeal of an urban area like Hareza Ikebukuro and its ability to communicate culture, Tokyo Tatemono puts priority on keeping its finger on the pulse of new developments in the area and deepening collaboration with various partners, while at the same time respecting local history and culture. Through ongoing efforts to promote such urban development, we are striving both to build the value of the area and improve corporate value.



Hareza Tower



ZEB Ready certification label



Financial Capital

Redevelopment and other urban development projects involve sizable investment and risk that extends over many years, but such development is the purpose for which the Group exists and something that creates tremendous social and economic value. Tokyo Tatemono will move ahead steadily with development initiatives through a financial strategy that balances building shareholder value with maintaining financial soundness.



Message from the CFO

We will build a sound, stable financial base to achieve sustainable growth while continuing to meet the demands and expectations of various stakeholders.

Akira Izumi
Director
Senior Managing Executive Officer & Chief Financial Officer

>> FY2020 financial results and progress in the first year of the medium-term business plan (FY2020–2024)

The global outbreak of the COVID-19 pandemic began shortly after the start of 2020. In its wake, we continue to face highly unusual circumstances in society and in the economic environment, due to constraints on social behavior among other factors. For the Group, although some businesses were hard hit by the pandemic, their share of the total business is small and the impact on results was limited.

In fiscal 2020, sales were up on the back of higher property sales to investors. On the other hand, business profit was down 3.5% year on year to 49.8 billion yen due to lower sales of condominiums and a decrease in profitability in the hotel, retail facility, and parking businesses amid the pandemic. Profit attributable to owners of parent was 31.7 billion yen (up 6.7% year on year) due to the transfer of shares of a subsidiary that operated assisted living residences, a part of our actions to optimize the business portfolio. Operating revenue reached a record high for the fourth year in a row and profit attributable to owners of parent was up for the fifth year in a row. In fiscal 2021, we are making solid progress toward our goal of 53 billion yen in business profit, which is higher than pre-pandemic levels. Thus, our goal of achieving 75 billion yen in consolidated business profit for fiscal 2024, as set out in the medium-term business plan, remains unchanged.

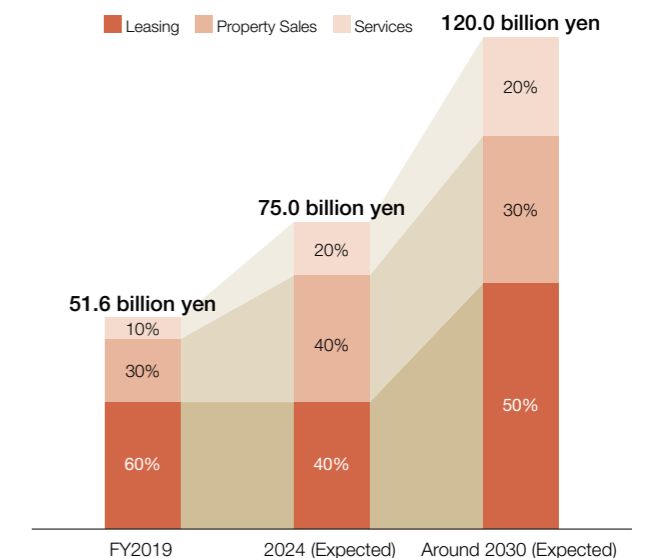
In terms of financial targets, we achieved ROE of 8.3%, a debt-to-equity ratio of 2.5 times, and an interest-bearing debt/EBITDA multiple of 13.4 times. Regarding shareholder returns, we increased the dividend by 5 yen from the previous fiscal year to 46 yen—the seventh consecutive year of dividend increases—yielding a payout ratio of 30.2%.

>> Financial Strategy in the Long-Term Vision and Medium-Term Business Plan

Since its founding, Tokyo Tatemono has been a company whose mission is to provide value to customers through the real estate business and contribute to solutions to social issues. Based on our long-term vision, our policy is to continue to pursue urban development that contributes to solving social issues, provide quality housing, and develop various assets to meet the needs of society. As a property developer, we will continue to meet the demands and expectations of various stakeholders while achieving sustainable growth by optimizing our business portfolio and building a sound, stable financial base.

The Group's long-term vision and medium-term business plan divide our businesses into three categories according to earnings characteristics—leasing, property sales, and services, and aim to build a business portfolio that takes into consideration the balance between stability, profitability, and efficiency. We have established two basic policies for profit growth. The first is to steadily expand stable leasing profit, making this source of income the core of our profit composition. By completing and starting up operations at seven large-scale redevelopment projects by around 2030, we intend to significantly expand the profit base in the leasing business, to account for more than half of the 120 billion yen in total business profit we are aiming for at that time. The second basic policy is to target a well-balanced profit structure, mindful of capital efficiency. In tandem with the expansion of leasing profit, we will work to strengthen the property sales business, which carries high margins and contributes to the improvement of total asset turnover, and the services business, which is directly linked to greater capital efficiency. We expect profit growth over the period of the medium-term business plan to cause total equity to increase to around 500 billion yen at the end of 2024.

Projected Shift in per-Area Profit over Time



* Chart percentages are approximations

Our Thinking about the Key Financial Indicators

The medium-term business plan assumes that total assets will increase by about 350 billion yen from the end of fiscal 2019 due to growth investment, reaching 1,900 billion yen by the end of fiscal 2024. In addition, as a financial indicator, we set a debt-to-equity ratio of about 2.4 times, slightly lower than the fiscal 2019 level of 2.5 times. At the

Financial Capital

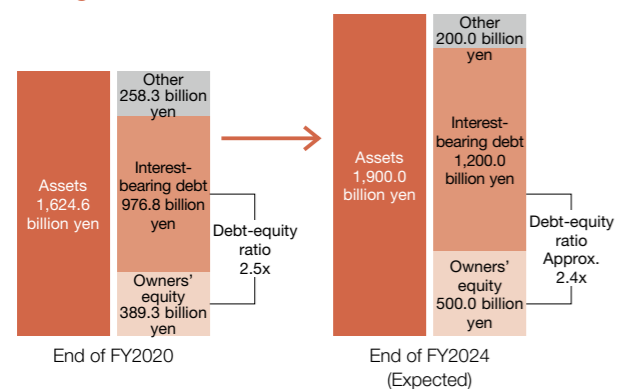
same time, to promote management that is conscious of capital efficiency, we have set an ROE of 8%-10%, a level we believe is a strong indicator of capital efficiency.

In the real estate business, assets held as non-current assets also carry market liquidity, and are readily convertible into cash, while on the liabilities side, it is easy to utilize financial leverage. In setting the financial indicators of the medium-term business plan, our goal was to improve capital efficiency while maintaining management stability by means of balance sheet control that takes advantage of these characteristics. We arrived at the indicators as the optimal targets, derived from the outcomes of repeated simulations.

Having a high proportion of long-term assets that are a source of stable leasing profit is a point in our favor in terms of how we are evaluated by external rating agencies, and also helps us keep procurement costs down. Moreover, our efforts to expand latent profit by realizing large-scale complex projects that offer high added value and competitiveness, as well as by building value through area management activities, will lead to a more robust financial buffer. Building on the stable foundation of the leasing business, we will pursue growth in the property sales and services businesses, reassessing those business areas that are unprofitable or have low growth potential and selling off non-current assets based on a review of the asset portfolio, striving in this way to improve capital efficiency.

Recognizing the soundness of our strategy, business performance, and future outlook, an external rating agency upgraded Tokyo Tatemono's long-term issuer rating to A from A- this past March.

Changes in the Balance Sheet



Capital Allocation

The medium-term business plan calls for the Group to invest a total of 1.4 trillion yen over five years. Since we also expect to recover 900 billion yen over the period (book value), net investments will come to 500 billion yen.

We are looking toward future growth: Although the scale of the investment plan is larger than past plans, we will harness our expertise in tightly focusing our investments to acquire a growing stock of quality development projects and create a virtuous cycle of investment and recovery.

The main point of the medium-term business plan's investment plan is to steadily invest 230 billion yen in large-scale redevelopment projects. In addition to development of the Yaesu-Nihonbashi-Kyobashi area around Tokyo Station, multiple large-scale redevelopment projects currently underway in Minato and Shibuya wards will significantly expand the asset portfolio.

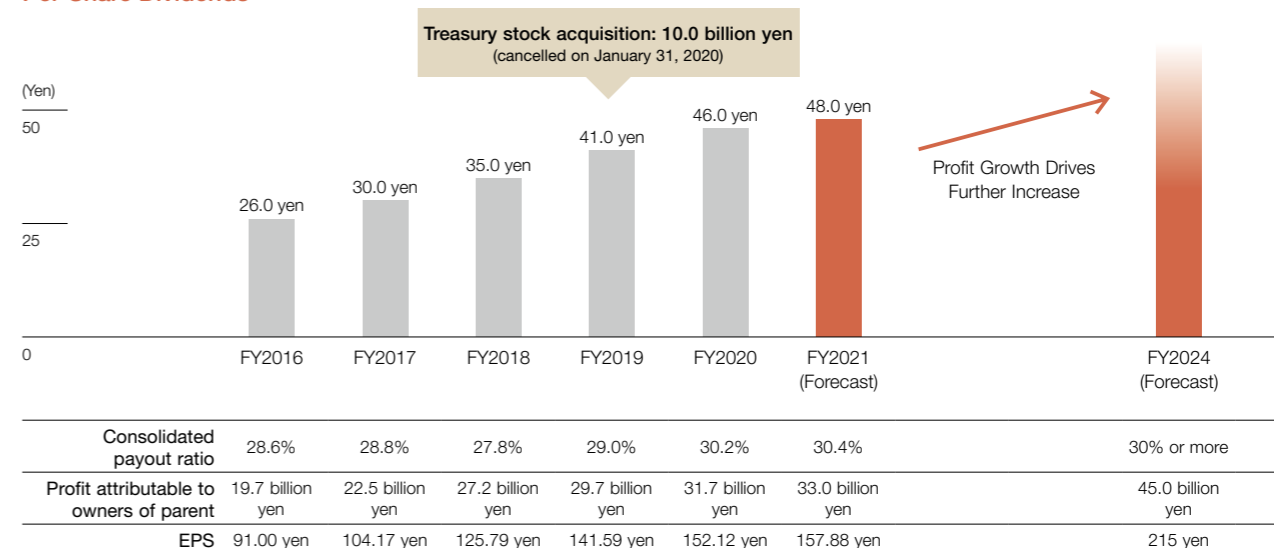
However, these large-scale projects will not start contributing leasing profit to our operating revenue base in earnest until 2025. Therefore, to achieve the goals of the medium-term business plan, we will pursue profit growth primarily through strategic investment and recovery in the condominium business and in property sales to investors. The plan calls for the Group to invest just shy of 1 trillion yen, and we are making steady progress across the board in acquiring land and making other investments. We have laid the groundwork for profit growth: Condominium sales are robust, supporting a high gross profit margin, and we have already secured the land bank for about 5,700 units, which are due to start recording profits within the four-year period to 2024. In terms of property sales to investors, we have expanded the pipeline of logistics facilities and have started preliminary discussions about the formation of a new J-REIT. When these efforts come to fruition, they will not only boost the probability of recovering capital and generating profit on sales of properties but also feed into asset management fees and further improvement in capital efficiency.

In terms of shareholder return, the policy of the medium-term business plan is for a consolidated payout ratio of at least 30%. We will continue to strive for continuous increases in dividends through sustainable profit growth.

Investment Plan over the Period of the Medium-Term Business Plan (Cumulative)

	(Billion yen)
Gross investment	1,400
Investment in large-scale redevelopment	230
Investment in condominium projects	430
Investment in properties for sale to investors	550
Investment in overseas businesses	70
Other	120
Recovered	900
Net investment	500

Per-Share Dividends



We will consider whether or not to buy back shares in light of the future business environment and financial situation of the Group.

The medium-term business plan set as a goal the reduction of cross-shareholdings. We will periodically review the significance of our holdings and move forward with reductions to improve capital efficiency.

More Sophisticated ESG management

In its early days, Tokyo Tatemono introduced what would become the prototype for residential loans in Japan, so in a sense bringing together real estate and finance to contribute to urban development is part of the Group's DNA. To address the growing trend toward ESG investment in recent years, we have undertaken a series of pioneering efforts in ESG financing in the real estate sector. We were the first real estate company in the world to issue a green hybrid bond, in 2019. The following year, we issued the first sustainability bond in the Japanese real estate sector, followed in February 2021 by the issue of a sustainability hybrid bond. I believe we were able to carry out all of these issues under appropriate conditions, thereby helping to diversify our financing sources and contributing to growth in the ESG finance market. Our efforts were recognized in 2020 with a Silver Award at the ESG Finance Award Japan of the Ministry of the Environment, followed by a Gold Award in 2021. I take these as indications that the Group's efforts to pursue urban development that contributes to solving social issues are becoming more widely known and appreciated. We would like to continue to make active use of sustainable funding.

The Sustainability Committee met several times during the year to deliberate on measures to realize a carbon-free society, establish medium- and long-term targets for reducing greenhouse gas emissions, and formulate an action plan for achieving these targets. We are also preparing to participate in global initiatives, having applied for RE100 (Renewable Energy 100%) membership and requested Science Based Target initiative (SBTi) certification (both pending), and will step up efforts to reach net zero CO₂ emissions, such as incorporating renewable energy frameworks into various future business activities.

For Tokyo Tatemono, urban development does not end with development. We believe our major role and responsibility as a property developer is to ensure the sustainable growth of the urban areas we develop. Redevelopment and other urban development projects involve sizable investment and risk that extends over many years, but such development is the purpose for which the Group exists and something that creates tremendous social and economic value. Guided by this thinking, Tokyo Tatemono is working not only to develop highly unique, appealing urban areas in various regions, but also to continuously increase the value of such areas by offering a full range of services and pursuing area management activities. By increasing the value of the urban areas where we have a presence, we increase the value of Tokyo Tatemono's own assets and build corporate value. I intend to redouble my efforts to explain this approach to the Group's sustainability, seeking the understanding of even more investors, further enhancing our reputation in the capital markets.



Intellectual Capital

Establishing a line-up of services that truly offer value to customers, including real estate development and management and operation services, requires a wide range of knowledge and experience, which cannot be attained overnight. The lengthy track record of results and experience Tokyo Tatemono has accumulated through consistent effort and ingenuity is a source of strength for the company now and going forward, and serves as the foundation for further growth of the Group.

» Redevelopment and Rebuilding Expertise Cultivated over 120 Years

Tokyo Tatemono in 2007 completed Kasumigaseki Common Gate, a project involving the integrated redevelopment of an entire city block, which used a private finance initiative (PFI) structure. In 2013, we completed Tokyo Square Garden, one of Japan's most environmentally friendly complex buildings, boasting among the greatest standard floor space of any building in the area around Tokyo Station, which has helped revitalize the functions of an entire block. We have also undertaken numerous projects to help strengthen Tokyo's competitiveness as an international city. A prime example is Otemachi Tower, completed in 2014. About a third of the site (roughly 3,600m²) is occupied by Otemachi Forest, and above- and below-ground pedestrian access was improved. Having attracted an internationally renowned hotel chain to the site, Otemachi Tower is positioned as a venue for international exchange.

Brillia Tama New Town, completed in 2013, was Japan's largest condominium redevelopment project. We rebuilt 640 units in the Suwa 2-Chome Housing reconstruction project there. In addition, as part of the Meguro Station area redevelopment project, Brillia Towers Meguro involved the development of a large swathe of land (about 2.3 hectares) in front of Meguro Station. It was completed in 2017. These are just a few examples of the many redevelopment projects Tokyo Tatemono has engaged in with landowners and the rebuilding projects we have undertaken with the cooperation and support of community residents and government partners. We will continue to pursue community development that helps enrich the lives of community residents and generate further urban vitality.



Otemachi Tower



Brillia Tama New Town

» Value Chains and Management and Operation Expertise that Draw on the Group's Integrated Strengths

In the Commercial Properties Business, Tokyo Tatemono is mainly in charge of planning, development, and property management, Tokyo Fudosan Kanri Co., Ltd. is in charge of building management and construction, and Tokyo Building Service Co., Ltd. is in charge of cleaning operations. Through organic collaboration between the three companies, we will continue to enhance operations for existing buildings and seek ways of providing better services. With new projects, our marketing efforts draw on the knowledge we have acquired through our business operations, and position Tokyo Tatemono to continue to be customers' first choice for real estate planning and development.

In the Residential Business, Tokyo Tatemono is mainly in charge of planning, development, and sales, Tokyo Tatemono Amenity Support Co., Ltd. is in charge of condominium management, remodeling, and renovation, and Tokyo Tatemono Real Estate Sales Co., Ltd. is in charge of sales, reselling, and leasing management. The three companies are working together to cultivate Brillia as a comprehensive residential brand and to help bring about fulfilling lifestyles for customers.

In a survey* assessing condominium residents' satisfaction with property management companies, Tokyo Tatemono Amenity Support ranked second overall and ranked first for three consecutive years in the group of companies with less than 100,000 units under management. Its condominium management contract volume had risen to 77,589 as of April 2021. Alongside the growth of the Brillia brand, Tokyo Tatemono Amenity Support has branched out from condominium management into a range of other business areas, including remodeling and renovation.

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

For-Sale Condominium Units Under Management

77,589 units

* As of April 2021.

Property Management Company Satisfaction Ranking

Units Under Management
No. 1 among companies with less than 100,000 units under management.



» Industry-Shaping Initiatives that Anticipate the Changing Needs of Society

Tokyo Tatemono has built up its business over the years by being firmly grounded in a philosophy of always putting the customer first and in an enterprising spirit. From its founding, the company began engaging in real estate transactions using a monthly installment plan, which became the prototype for residential loans in Japan. We were the first real estate company to commercialize a financing mechanism directly to customers wanting to build a home or buy property—in the past they had to rely on individual financiers.



Kasumigaseki Common Gate

In the 1990s, Tokyo Tatemono was first in the industry to package a real estate securitized product, a serviced apartment complex, under the Special Purpose Company Act. In the 2000s, we developed and completed Kasumigaseki Common Gate, the first urban redevelopment project in Japan to use a private finance initiative (PFI) structure. We again moved out ahead of the industry in 2015 with Brillia Tower Ikebukuro, Japan's first high-rise condominium complex integrating local government offices with residential space. Tokyo Tatemono will continue to draw on all of its extensive resources to take on the challenge of new business opportunities.

» Strong Brand Recognition and Design Capabilities

Since launching the Brillia brand of condominiums in 2003, the Tokyo Tatemono Group has supplied a total of 27,237 residential units*¹. As a comprehensive residential brand, Brillia offers a broad line-up of services apart from simply selling buildings. Our design capabilities have been widely recognized: Brillia has won 22 Good Design Awards in the condominium business field. Brillia also ranked third in terms of brand awareness*² in the Tokyo metropolitan area. As the flagship brand of our Group, Brillia continues to put primary emphasis on customer satisfaction and contribute to increasing corporate value.



Newly-built Condominiums for sale in the Greater Tokyo Area Customer Satisfaction Ranking, Smaller Condominiums segment

Customer Satisfaction
No. 1 for five consecutive years*³.



*¹ Cumulative Brillia brand condominiums delivered as of May 2021

*² Nikkei 2020 Condominium Brand Survey (responses of Tokyo metropolitan area (Tokyo, Kanagawa, Chiba, Saitama) residents were extracted)

*³ Ranked no.1 for five consecutive years (2017-2021) in the ORICON Customer Satisfaction Survey in the Newly-built condominiums for sale in the Greater Tokyo Area, Smaller Condominiums segment (respondents living in condominiums with fewer than 100 units).

TOPICS

Dynamic Building Matrix: Japan's First Cloud-Based Smart Building Management System

Starting in December 2020, with technical support from Techsor Inc. and Silicon Technology Co., Ltd., Tokyo Tatemono initiated trials of the Dynamic Building Matrix (DBM) system at its Head Office Building. DBM is a new smart building management system that uses cloud-computing and ZETA* communication technology. After verifying the effectiveness of DBM in offering more sophisticated, more efficient building management through these trials, we will further improve the system and expand its functionality, aiming to realize smart buildings that generate new value and support services that offer greater safety, security, and comfort to customers.

* Based on LPWA network standards developed by ZIFISense, a technology that enables multi-channel ultra-narrow band (UNB) communication, distributed wide-area access using a mesh network, and low-power bi-directional communication, among other features



Actions to Strengthen Intellectual Capital

We have seen tremendous strides in technological innovation and the diversification of customer needs in recent years. Recognizing that these represent business opportunities for Tokyo Tatemono, we will work to further reinforce our intellectual capital, continuing to draw on a well-spring of expertise and achievement gained through the enterprising spirit that has characterized the company since its founding. In particular, we will evolve and employ digital technologies with a view to both generating added value and improving productivity.



Social and Relationship Capital

Many of Tokyo Tatemono's business activities have been born out of and developed through collaborations with various stakeholders. Points of contact with customers have often led to new business endeavors as well. From this experience, we recognize that social and relationship capital is a critical resource for Group management in terms of both expanding into new business areas and generating profit.

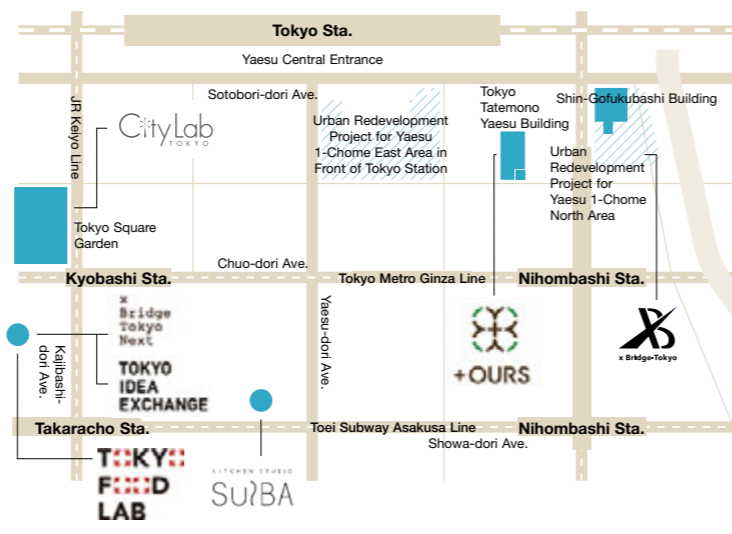
» A Broad Range of Customer and Tenant Relationships

Tokyo Tatemono manages the bulk of the real estate it has developed and purchased, including office buildings and retail facilities. Our office buildings currently house about 900 tenants, and we own approximately 1,500 rental apartment units. Also, as of March 2021, the number of TIMEWORK space sharing sites, which Tokyo Tatemono is involved in managing, has grown to 150. Such points of contact enable us to identify customer needs and provide a wide range of services that help us build deeper and broader relationships.

» Relationships with Start-Up Companies

Redevelopment of the broad Yaesu-Nihonbashi-Kyobashi area that surrounds Tokyo Station has not only drawn a greater number of leading companies to the area but has also created a base for the activities of numerous startups and venture capital businesses. Tokyo Tatemono has helped form an innovation ecosystem here, fostering innovation across the entire development area by serving as a venue encouraging interactions between a variety of companies and individuals in Japan and overseas. Through such innovation ecosystems, we will promote initiatives that capitalize on the potential of an area to help leading companies address their management objectives and foster growth in key growth fields, such as technology integration, SDGs, food, and mobility.

Yaesu-Nihonbashi-Kyobashi Area Innovation Hubs Tokyo Tatemono Is Involved in



Actions to Strengthen Social and Relationship Capital

As development projects currently in the pipeline continue to take shape, Tokyo Tatemono will encounter even more customers and other stakeholders. We will carve out new business opportunities by capitalizing on points of contact with existing customers and pursuing collaboration with companies ranging from small start-up ventures to leading corporations. At the same time, we have formulated Sustainable Procurement Standards (see page 55) to guide us in fulfilling our social responsibilities and helping to bring about a sustainable society, as we manage the property supply chain in an appropriate way.

TOPICS

Brillia Condominium Brand Initiatives

We formed the Brillia Owners Club, made up mainly of buyers of our condominiums. The organization boasted a membership of approximately 36,000 people as of December 2020. The Club has developed various member services, such as events where members can mingle, follow-up maintenance for residences, and a range of support services that foster lifestyle comfort. In this way, the Club is enhancing customer convenience while cultivating new profit opportunities for the Group.

Brillia has also been holding the Brillia Art Award open exhibition program since 2018 as part of its efforts to support art, sports, and various other cultural activities. Public support for the work of various artists also ties into stronger Brillia brand recognition.



Parent-child foot race workshop



Outdoor movie showing

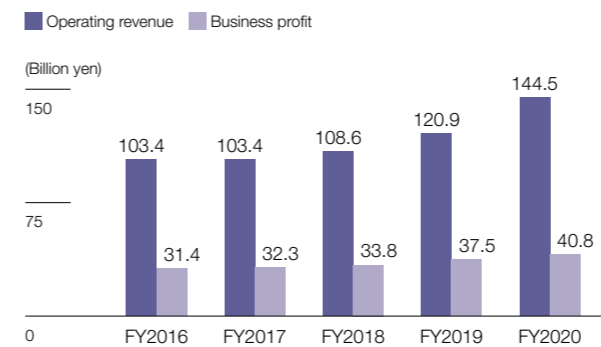


Business Capital

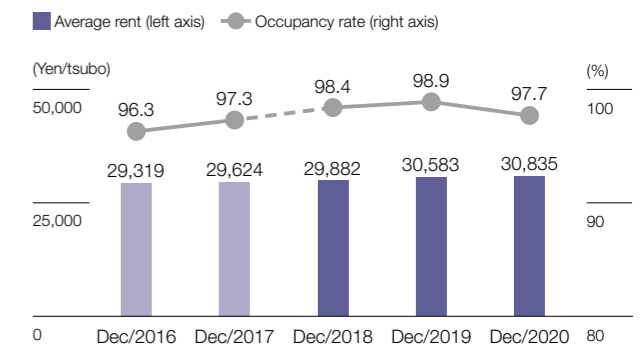
Commercial Properties Business

The Commercial Properties Business encompasses business activities ranging from urban development and office building development and operation to facility management, building maintenance, and maintenance/remodeling. Our sphere of operations centers mainly on the international city of Tokyo. We are working together as a group to provide not only quality properties and facilities but also a range of services to provide office building users with a sense of safety, security, and comfort.

Operating revenue / Business profit



Average rent / Occupancy rate



* Figures before 2017 are calculated according to the previous standard
* 1 tsubo = approx. 3.3m²

In fiscal 2020, amid the COVID-19 pandemic, although rent reductions and exemptions given to some hotels and retail facilities put downward pressure on performance, growth in revenue from new properties and properties that continued to operate throughout the year, coupled with an increase in property sales to investors, enabled higher overall revenue and profit for the segment. The Commercial Properties Business continues to grow steadily, reflecting robustness in the office building market in recent years.

As of March 2021, average rent was 31,061 yen per tsubo while the occupancy rate remained high, at 96.6%, indicating the highly competitive nature of Tokyo Tatemono's office building portfolio.

Future Strategies

Operating Environment / Social Issues

- | | |
|---------------|---|
| Opportunities | <ul style="list-style-type: none"> Diversification of working styles and office needs targeting productivity increases Increasingly sophisticated needs for offices to attract/retain talented staff and provide business continuity Greater business opportunities for large-scale redevelopment associated with deregulation |
| Risks | <ul style="list-style-type: none"> Mounting competition between international cities and between areas Rising construction costs due to higher costs of materials and labor |

Advantages

- A wealth of achievement and expertise in large-scale redevelopment
- Track record in urban development activities that increase the value of an area and strong tenant leasing capabilities
- A highly competitive portfolio comprising numerous office buildings owned by the group in prime city-center locations, particularly around Tokyo Station

Key Strategies in the Medium-Term Business Plan

- Providing the office buildings that are the first choice of customers by developing new properties that address diversifying working styles and enhancing auxiliary services
- Carrying out urban development to heighten the allure of the Yaesu-Nihonbashi-Kyobashi area and other areas where the group owns buildings, and further boost competitiveness
- Promoting large-scale redevelopment projects around Tokyo Station and other prime city-center locations to expand the revenue base

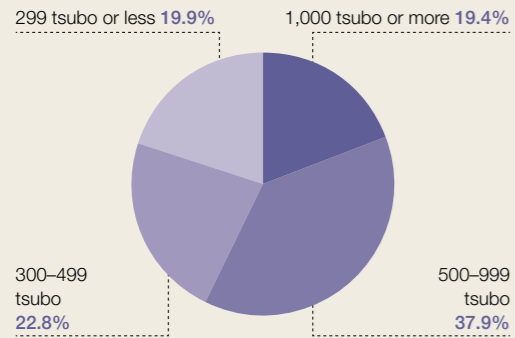
Overview of the Portfolio

Leasable space

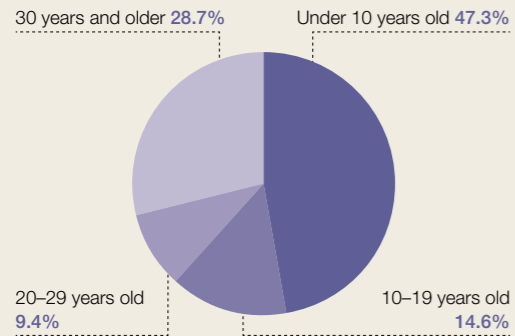
Total for Commercial Properties Business **893,705m²**

Office buildings owned by Tokyo Tatemono **514,907m²**

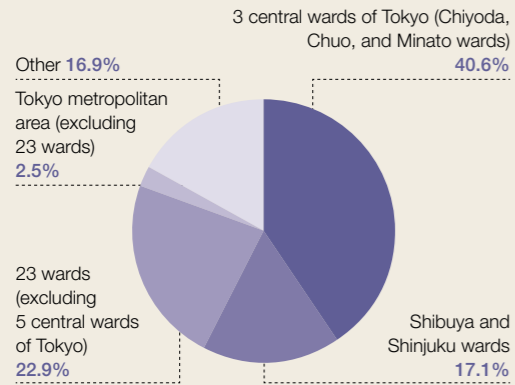
Proportion of leasable space by standard floor space



Proportion of leasable space by building age



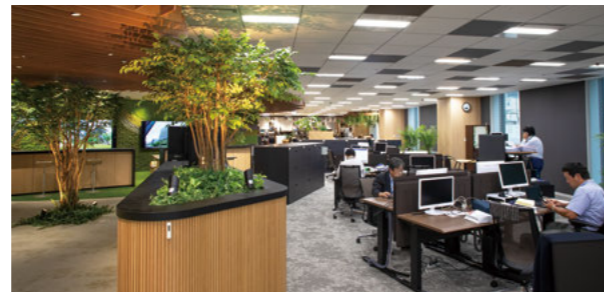
Proportion of leasable space by location



* As of the end of March 2021
* The above proportions are for office buildings owned by Tokyo Tatemono

Providing Office Buildings Suited to New Working Styles

Tokyo Tatemono has launched a working group that is working to develop and provide the office buildings that are the first choice of customers. The working group is exploring buildings that can adapt to changes in working styles aimed at productivity improvements as well as changes in office needs brought about by advances in AI/IoT technologies. One example of the working group's initiatives is the wide range of layouts drawing on the Activity Based Working (ABW) concept that are incorporated into the new head office, to which Tokyo Tatemono transferred its head office functions in May 2020.



Interior of the new head office

Urban Development Activities

Tokyo Tatemono focuses not only on developing and managing buildings, but also on area management activities that bring vitality to areas and foster the interactions of people.

For example, making use of the lush, three hectare public park that is part of the Nakano Central Park project, we join forces with neighboring universities and government offices to host a variety of events, including flea markets, workshops, and summer festivals. We are also implementing disaster-resistant urban development, working with tenants to increase disaster awareness, such as by conducting a fire-fighting drill simulating an earthquake disaster.

We believe these kinds of initiatives in cooperation with local communities increase the allure of the areas around the buildings owned by the group and help to address social issues, while also strengthening our relationships with tenants.



Flea market in Nakano Central Park

Pursuing Large-Scale Redevelopment Projects

Tokyo Tatemono is currently moving forward with several development projects that will contribute to the ongoing development of Tokyo as an international city. We will supply highly competitive office buildings by drawing on the assets the company has long held in the area near Tokyo Station, looking to rebuild with an eye to the urban

functions demanded by tenants and to the reduction of environmental footprints.

By feeding into growth in leasing profit for the Group while enhancing the allure of the Yaesu-Nihonbashi-Kyobashi area, we are confident that this development will contribute to increasing the value of our existing properties.

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



In the Yaesu area in front of Tokyo Station where our headquarters building is also located, we are aiming to create a community that brings together advanced urban functions suitable to an area that serves as a gateway to the international city of Tokyo and bustling activities that pass on the history and traditions of the Yaesu district to future generations.

Site area	Approx. 10,600 m ²
Total floor space	Approx. 225,200 m ²
Number of floors	51 floors above ground, 4 floors below ground
Main uses	Business offices, stores, bus terminal, conference halls, medical facilities, etc.
Planned completion	FY2025

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



This project is creating an advanced financial center that helps to raise Tokyo's international competitiveness and presents an urban landscape appropriate for the gateway to the area along the historic Nihonbashi River, in a highly accessible location close to the Nihonbashi entrance of Tokyo Station and directly connected to the Nihonbashi subway station.

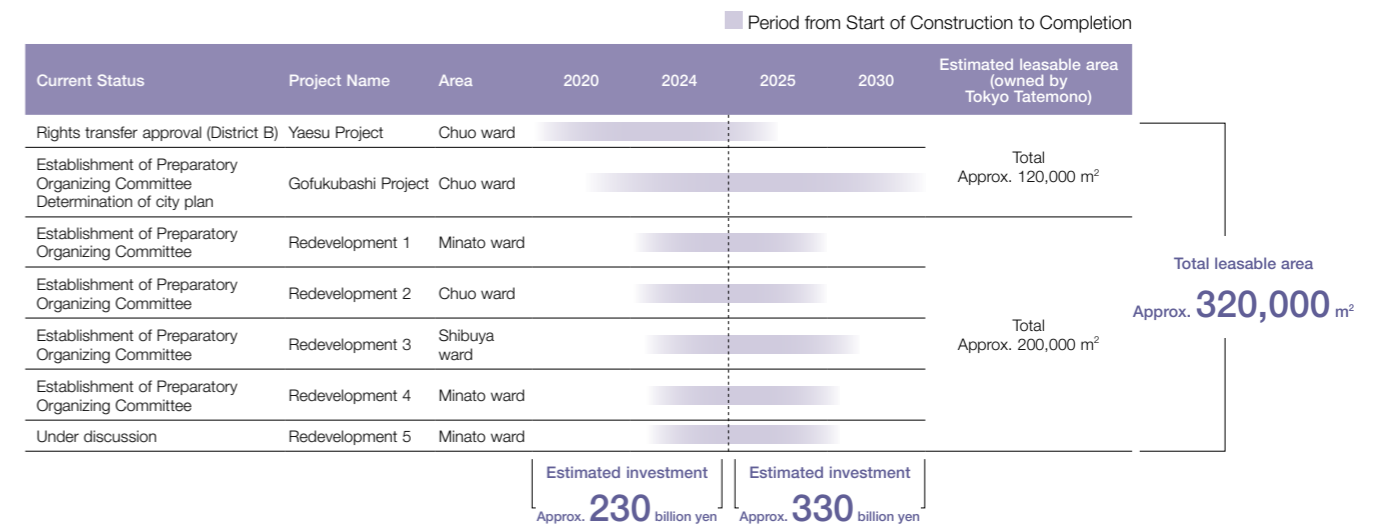
Site area	Approx. 9,260m ²
Total floor space	Approx. 81,500 m ²
Number of floors	45 floors above ground, 5 floors below ground
Main uses	Business offices, stores, accommodations, parking lot, etc.
Planned completion	FY2030 (south area), FY2035 (north area)

* The above is an overview of the Urban Redevelopment Project for Yaesu 1-Chome East District B in Front of Tokyo Station.

Major Development Projects in Progress

In addition to the Yaesu and Gofukubashi projects, Tokyo Tatemono is moving forward with multiple development projects in Tokyo's Chuo, Minato, and Shibuya wards. Targeting a timeframe around 2030, we are planning to

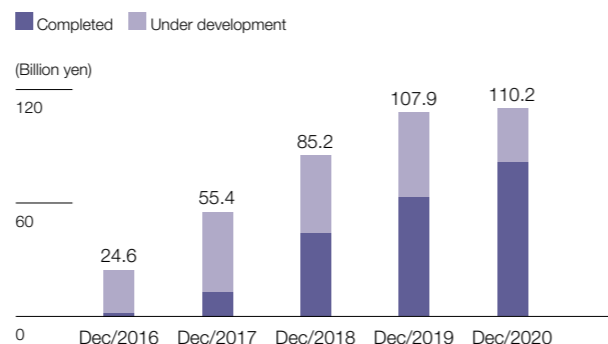
complete projects representing a total of approximately 320,000 m² of leasable area, based on area owned by Tokyo Tatemono. We expect this to contribute to substantial growth in profit.



» Initiatives toward Property Sales to Investors in the Commercial Properties Business

In addition to owning and leasing office buildings, the Commercial Properties Business Division develops logistics facilities, medium-sized office buildings, urban hotels, and retail facilities, and engages in the sales of such properties to investors after they get up and running. Please refer to page 41 (STRATEGIC FOCUS Meeting Demand for Real Estate Investment: Property Sales to Investors) for details.

Balance of real estate for sale in the commercial properties business



Actions to Strengthen Business Capital

Large-Scale Redevelopment: Multiple Projects Targeting a Timeframe around 2030

The Commercial Properties Business is involved in developing, operating, and managing office buildings and other properties, and pursuing urban development projects in collaboration with tenants and members of the community.

Tokyo Tatemono Group's medium-term business plan set out large-scale redevelopment as a key strategy. We are currently focusing our efforts on multiple redevelopment projects targeting completion by 2030. Our planning seeks to help address social issues through urban development, such as by cultivating flourishing communities through the creation of centers of bustling activity, and developing properties with smaller environmental footprints and reinforced disaster-response capabilities, as well as to enhance the competitiveness not only of individual projects but the entire area and city as well. We are aiming to identify the increasingly diverse needs arising from changes in working styles and to provide properties and facilities and services that continue to make us the first choice of customers. In this way, we are striving to enhance the competitiveness of our office building portfolio, including buildings already in operation, and expand stable leasing profit.

Hareza Tower, completed near Ikebukuro Station last year, is expected to contribute to performance over a full year of operation in the current fiscal year, given that full occupancy by corporate tenants was already decided at completion. The Yaesu Project, a showcase of the Group projects currently in the pipeline, started teardown work last year. The project is moving ahead steadily, with new construction work slated to begin in the fall.

Property Sales to Investors: Accelerating Growth

Property sales to investors is another key strategy of the medium-term business plan. We are targeting significant growth in this area leading up to 2024. To date, we have aggressively pursued development opportunities for various asset types, such as logistics facilities and medium-sized office buildings, in response to trends toward real estate investment, real estate utilization, and other social shifts. We will further expand strategic investments going forward, with an eye to achieving high asset efficiency through the flexible sale of properties. (Please refer to page 41 STRATEGIC FOCUS Meeting Demand for Real Estate Investment: Property Sales to Investors for details.)

Although Japan's office building market as a whole is currently characterized by rising vacancy rates and falling rent levels, Tokyo Tatemono's competitive portfolio has not been as hard hit as the market, and our leasing profit from commercial properties remains firm. Under the impact of the pandemic, leasing profit from hotels and retail facilities is under pressure at the moment, but we are hopeful that if the dissemination of vaccines and other measures can restore some normality to people's lifestyles, we will see a return to growth in profit.

The Commercial Properties Business is striving to help address social issues and enhance the allure of cities through urban development, while aiming to further reinforce profitability by means of a two-fold approach involving the management of stable assets centered on large-scale redevelopment projects and high asset efficiency through strategic investments and sales.



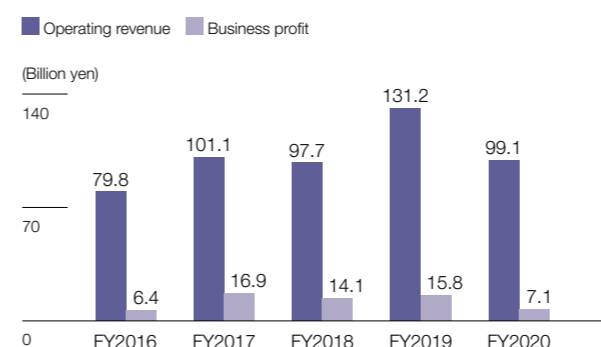
Katsuhito Ozawa

Director & Senior Managing Executive Officer
Division Director of Commercial Properties Division

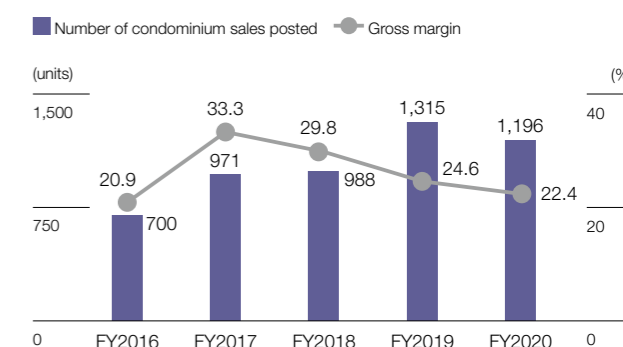
Residential Business

Tokyo Tatemono is engaged in the condominium and residential leasing businesses, centered on the Brilia brand of refinement and comfort, primarily in the Tokyo metropolitan area. We offer high-quality housing based on a unique, comprehensive framework that includes all the functions needed to support a more comfortable life for our customers, ranging from planning and development to management, repair, renovation, and brokerage.

Operating revenue / Business profit



Number of condominium sales posted / Gross margin



In the fiscal year ended December 2020, revenue and profits in the division were down, mainly reflecting the absence of contributions from high-margin tower condominiums posted in the previous fiscal year and a decline in the overall number of condominiums posted. Going forward, we will continue to secure appropriate returns by carefully selecting and investing in properties that promise a high return.

We posted a total of 1,196 units in 2020. The gross margin remained high, at 22.4%.

Future Strategies

Operating Environment / Social Issues

Opportunities	<ul style="list-style-type: none"> Diversifying lifestyles are engendering more sophisticated, more diverse customer needs Trend toward prioritizing convenience amid an increase in dual-income and single-person households Growth in "compact city" urban development due to population inflows into cities
Risks	<ul style="list-style-type: none"> Rising land prices due to mounting competition for acquiring land sites, and rising construction costs due to higher costs of material and labor Contraction in the condominium market due to population decline

Advantages

- Among the highest brand recognition and customer satisfaction ratings in Japan
- Strong track record and expertise in large-scale redevelopment and rebuilding
- Service supply framework integrating production, sales, and management

Key Strategies in the Medium-Term Business Plan

- With a focus on profitability, invest in select locations offering convenience and other competitive advantages
- From the standpoint of profitability, focus efforts on redevelopment and rebuilding business to secure highly competitive projects
- Accelerate the development of for-rent condominiums in urban areas and sell them expeditiously to investors after starting operations

» Pursuing Redevelopment and Rebuilding

We are focusing on redevelopment and rebuilding projects to meet the need for redevelopment in urban districts that are densely packed with wooden houses and the growing need for rebuilding due to the increase in aging condominiums. Our track record in redevelopment and rebuilding includes Brillia Tower Ikebukuro, Brillia Towers Meguro, and Brillia Tama New Town. We are currently promoting development and sale of the SHIROKANE The SKY tower residence redevelopment project.



Brillia Tower Ikebukuro

Going forward, we will continue to seize project opportunities in highly convenient locations and engage in mixed-purpose development and other high-value-added residential development projects. Reaching an agreement with landowners and residents in these projects is more difficult and time-consuming than with normal land acquisition and development, but we will make use of our expertise and proven track record as a developer to win highly competitive projects.



Brillia Towers Meguro

» Reinforcing the Brillia Brand

We have taken concrete steps to reinforce the Brillia brand. We carry out rigorous quality management through to the completion of construction of Brillia condominiums, hold tours so contracted condominium buyers can see ongoing construction sites for themselves, and periodically provide customers with construction progress reports. We also provide support services after the condominium is sold to ensure the comfort of owners.

Furthermore, we established Brillia Bloomoi in 2012, a project that engages in the co-creation of residences with our customers. Seeking to offer residences that are responsive to changes in society and to diversifying needs, we are expanding the scope of our product development to include condominiums where owners can provide input not only about floor plans and furnishings but also about management and other after-sales services.

These initiatives are enhancing the value and competitiveness of the Brillia brand.

» Major Properties Scheduled for Delivery



» Initiatives for For-Rent Condominiums

We are accelerating the development of for-rent condominiums under the Brillia ist brand in response to growing needs for residential space and investment in for-rent condominiums in and around central Tokyo.

For-rent condominiums: balance of real estate for sale



» Creating Spaces to Stay Abreast of a Changing Society

Completed in 2020, the Nonoayama Building is a 25-story mixed-purpose facility that houses for-rent condominium units, serviced housing units for the elderly, retail facilities, a certified child care center, and a community center. The project brings together a wide array of achievements and expertise Tokyo Tatemono has accumulated over the years, in large-scale project development, for-rent condominiums, housing for the elderly, and child care. Also, we are designing the for-rent condominium project Kurasu Aoyama which features home-office spaces and other facilities to support the kind of flexible working styles and individualized living environments that will be required in the future.



Nonoayama Building

Actions to Strengthen Business Capital

Further Reinforcing the For-Sale Condominiums Business

A core focus of the Residential Business is the condominium business, centered on the Brillia brand of refinement and comfort. We offer high-quality condominiums through an integrated framework spanning production, sales, and management. The quality Brillia is known for stems from our attention to rigorous quality control, ongoing efforts to host events for residents after they move in, and a host of other initiatives that have earned high ratings from customers.

The medium-term business plan calls for us to further reinforce the for-sale condominiums business. We are capitalizing on our redevelopment and rebuilding techniques to seize development opportunities in highly convenient locations and bring added value to properties, such as through mixed-purpose development. We are also pouring our resources into offering quality housing that responds to changes in society, such as residences that are more attuned to nature and more environmentally conscious, and residences that incorporate state-of-the-art technologies in line with social changes.

For-sale condominium sales grew steadily in the fiscal year under review, and we project that the business will be able to maintain a high degree of profitability. The environment for acquiring land remains fiercely competitive, but by leveraging our expertise and track record, we were able to secure a land bank that can accommodate up to 8,100 condominium units (as of March 2021).

One recent project is Brillia City Nishi-Waseda, scheduled for completion in 2022, which has a total of 454 units and went on sale in October last year. In a location that strikes a balance between convenience and a pleasant living environment, the project also supports working from home and remote working. We have received strongly positive feedback from customers about these amenities.

Residential Development in Tune with Changing Needs: The For-Rent Condominiums Business

The for-rent condominiums business is another housing development initiative keeping Tokyo Tatemono in tune with changes in society. The thrust of the business is the Brillia ist series, which we are developing mainly in central Tokyo. Going forward, we will further expand this series as part of the lineup in our property sales to investors, further growing the business as an area that can contribute to stable profit generation.

By keeping our finger on the pulse of constant change in society and responding to emerging needs, we will continue to offer the housing that is the first choice of customers, while striving to be rated number one by customers across categories, from location and product planning to customer service and management.

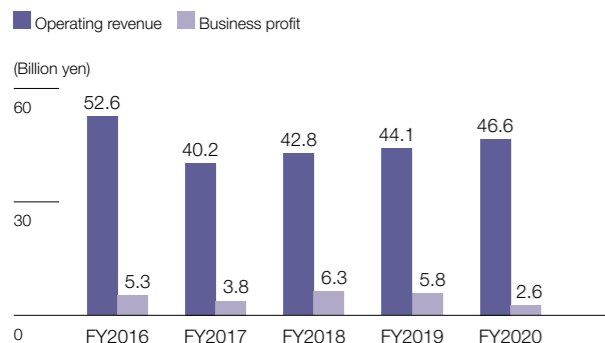


Hideshi Akita
Director & Managing Executive Officer
Division Director of Residence Division

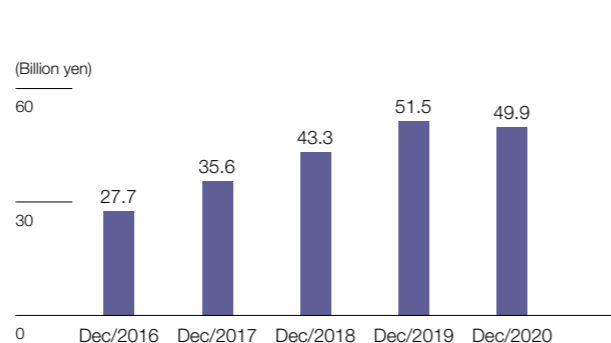
Asset Service Business

Capitalizing on the range of services offered by the Tokyo Tatemono Group for the effective use of property and land, we provide comprehensive solutions through our real estate brokerage business, asset solutions business, management service business, and parking business.

Operating revenue / Business profit



Balance of assets owned in the Asset Solution Business



Real Estate Transaction Business

The brokerage business consists of a wholesale division that supports the real estate needs of corporate customers and a retail division that helps individual customers find a new home. In addition to brokerage, we are also engaged in the asset solution business for increasing the value of acquired real estate for resale, and a management service that manages for-rent condominiums and office buildings on behalf of owners.

Operating Environment / Social Issues

Opportunities	<ul style="list-style-type: none"> Increased real estate transactions due to the shift toward a society in which properties are used across generations Growth in real estate investment demand due to low interest rates
Risks	<ul style="list-style-type: none"> Lower willingness to buy real estate due to rising property prices, recession, higher interest rates, etc.

Advantages

- Relationships with customers and financial institutions and expertise in judging the value of real estate acquired over many years of experience
- Offer one-stop solution services drawing on the resources of the Group

Key Strategies in the Medium-Term Business Plan

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

■ Brokerage and asset solution initiatives using expertise in judging the value of real estate

We are strengthening the brokerage and corporate real estate business in an effort to expand opportunities to gather real estate information. We are drawing on strong relationships with customers and financial institutions cultivated over many years of operation of the Group's various businesses to enhance our wholesale brokerage targeting corporate customers, including owners of rental management properties. As for retail brokerage aimed at individual customers, we are opening offices in areas where we have supplied several condominiums to capitalize on secondary brokerage transaction opportunities.

In conjunction with these trends in the brokerage business, we are working to acquire property information for use in the asset solution business, sell properties, and develop new customers. We are taking action to expand the asset solution business. Capitalizing on real estate expertise gained through extensive experience—the ability to comprehensively judge the value of properties—we seek to flexibly acquire properties with the potential for increased value and enhance their value through repurposing, repairs and renovations, rights consolidation, improving rent conditions, and other measures, after which the properties are flexibly sold to investors.

Parking Business

We have developed and are operating about 74,000 parking spaces in 1,800 locations across Japan (as of the end of March 2021) under the NPC24H brand. By taking into account surrounding conditions, the size of the site, and other factors, we are able to design and deliver the optimal parking lot.



Operating Environment / Social Issues

Opportunities	<ul style="list-style-type: none"> Growing opportunities to operate large parking lots and municipal and other public parking lots in conjunction with large-scale redevelopment projects Improved efficiency and service in parking lot operation associated with the spread of IoT
Risks	<ul style="list-style-type: none"> Accelerated sale and repurposing of parking lots by landowners associated with rising land prices Pandemic-related public health measures can cause deterioration in operating conditions

Advantages

- Track record and expertise in developing and operating large self-park parking lots
- Investment and development capabilities for parking facilities and systems leveraging scale as Japan's third-largest pay-by-the-hour parking business operator

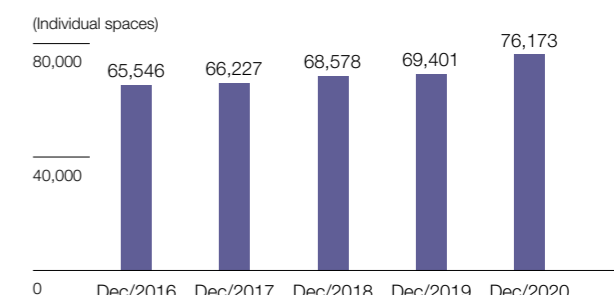
Key Strategies in the Medium-Term Business Plan

- Efficiently scale the business through aggressive investment in large parking lots, a competitive strength of the company
- Boost competitiveness by developing and rolling out systems that contribute to improved operational efficiency and customer service

■ Expand parking business targeting needs for the effective use of real estate

We are seeking to expand the number of facilities under operation by drawing on sophisticated operational expertise in large self-park parking lots and other areas. We will also take steps to enhance operating functions by developing and rolling out proprietary systems, such as those that enable advance reservations and online monthly parking contracts, and take proactive measures to improve convenience, such as partnering with car sharing operators, installing delivery drop-off boxes, and collaborating with various point card operators.

Parking spaces under operation



Actions to Strengthen Business Capital

■ Building on Trust to Create Products and Services Unique to Tokyo Tatemono

The world is changing at a dizzying pace, and the environment for real estate is constantly shifting. Unlike normal mass-produced products, the real estate products Tokyo Tatemono handles are one-of-a-kind and carry extremely high value. Consequently, for us to complete transactions for buying and selling or leasing properties, the trust of our customers is indispensable. Gaining that trust requires us to be highly sensitive to the various demands and needs of customers with regard to their properties, and then create products and services that no other company can simulate.

■ Drawing on the Expertise of the Tokyo Tatemono Group to Address Social Issues and Achieve Sustainable Growth

The Asset Service Business derives optimal solutions from the wide range of business activities of the Tokyo Tatemono Group. The integrated strengths of the Group are what make our comprehensive consulting business possible. Through the Asset Service Business, we are aiming to achieve a high-level balance between providing solutions to social issues and pursuing growth as a company by adding new value to real estate and meeting the needs of customers. For instance, in the brokerage and asset solution businesses, we can contribute to the realization of a society in which properties are used across generations by repurposing existing, unused properties into quality products with high market value. Or we can contribute to disaster prevention for residents and areas through earthquake-resistant and disaster-prevention work that yield renewed, highly disaster-resistant properties. Our parking business will contribute to the transition to electric vehicles in Japan by developing parking lots equipped with power supply devices. We also believe that we can promote efficient parking lot utilization and help eliminate traffic congestion through the use of digital technology, such as an advance reservation system for pay-by-the-hour parking lots and a system for smartphone-based confirmation of vehicles available for car sharing.

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



Kengo Fukui
Representative Director & Executive Vice President
Executive Officer
Division Director of Asset Service Business Division

STRATEGIC FOCUS

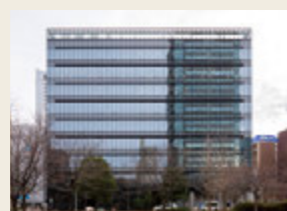
Meeting Demand for Real Estate Investment: Property Sales to Investors

Capitalizing on information sources across the Group, Tokyo Tatemono is pursuing a wide range of development opportunities according to differing locations and area characteristics. In bustling city-center commercial districts and regional urban centers, we are developing medium-sized office buildings, hotels, and retail facilities. In urban residential areas, we are developing for-rent condominiums. In areas near major transportation arteries in cities and suburbs, we are developing logistics facilities. After these projects start operations, we sell them to investors.

In line with recent growth in the e-commerce market, we are actively expanding our logistics facility development business. In addition to our property development expertise, our ability to construct operation management frameworks that meet the requirements of preferred tenants helps us to realize high profitability. After such facilities are up and running, we expeditiously sell the developed properties to J-REITs or funds, contributing to steady profit generation and the sound development of the real estate investment market.



T-LOGI Kuki



Sendai Kakyoin PJ (sold in 2020)



Candeo Hotels Tokyo Roppongi



Brilla ist Sendagaya (sold in 2021)

Stock of properties for sale to investors



* Properties as of March 2021. Including properties under development or planned for acquisition

Future Strategies

Operating Environment / Social Issues

Opportunities	<ul style="list-style-type: none"> Diversifying needs for real estate utilization associated with social shifts, such as growth in the e-commerce and inbound tourism markets Expansion of real estate investment needs and assets for investment
Risks	<ul style="list-style-type: none"> Mounting competition causing changes in conditions for acquiring sites A sluggish investment market associated with changes in the real estate investment environment

Advantages

- A wide array of information sources, such as financial institutions and existing business partners, in addition to the Group network
- Development track record and expertise in various asset types, and strong tenant leasing capabilities

Key Strategies in the Medium-Term Business Plan

- Take advantage of further development opportunities by drawing on information sources to win projects
- Ally with a broad range of operators to develop a variety of asset types to match locations and area characteristics
- After development, achieve profitability by monitoring the market environment and selling properties expeditiously

Priority Areas with High Growth Potential

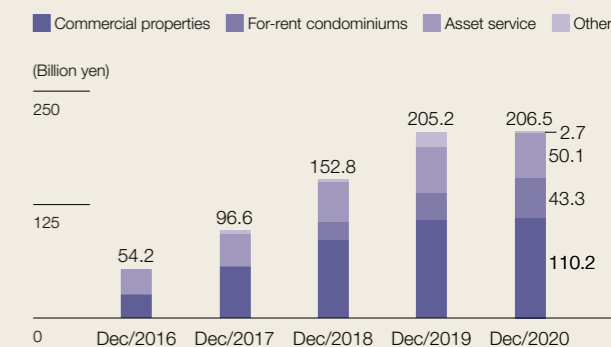
In fiscal 2020, we recorded a profit of 17.7 billion yen from property sales to investors. The balance of real estate for sale to investors stood at 206.5 billion yen, as a result of acquisitions of land for logistics facility development in the Commercial Properties Business and land for for-rent condominium development in the Residential Business. We have increased the amount of investment in the stock of property for sales to investors to around 340 billion yen (based on decisions made). This stock of properties represents a valuable source of future profits: We project that gains on sales of these properties will increase to roughly 80 billion yen.

We also plan to regularly review our asset portfolio, shifting non-current assets to the property sales to investors business, further increasing the volume of properties for sale.

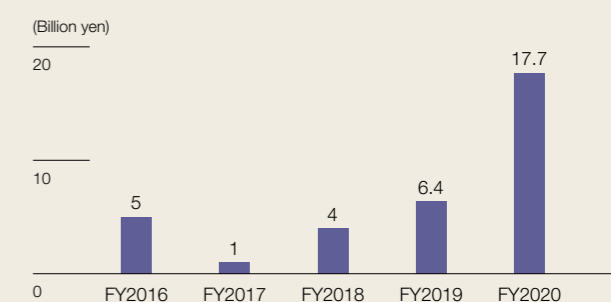
Also, through measures such as selling properties for sale to J-REITs the company is seeking to sponsor, we will expand Group assets under management and realize continuous profit growth and improved capital efficiency.

As one of the key strategies set out in the medium-term business plan, we will continue to channel resources into expanding property sales to investors.

Balance of real estate for sale



Property sales to investors gross profit trends



Actions to Strengthen Business Capital

Expand various asset types; continuously acquire development opportunities

One of the key strategies in the medium-term business plan that started in 2020 is to expand property sales to investors. By targeting investment needs in the real estate trading market and developing various asset types, we will continue to capture development opportunities. Our aim is to achieve high asset efficiency by investing strategically, and developing and selling quality assets. Moreover, by including J-REITs sponsored by the company among potential buyers, we will contribute to the expansion of total assets under management for the Group while growing the fee business.

As part of our initiatives in property sales to investors business, I am in charge of acquiring and developing assets (logistics facilities, medium-sized office buildings, hotels, retail facilities) for the Commercial Properties Business. Although the environment for acquiring land for development remains fiercely competitive, we are seeking to carefully choose investments by drawing on the wide range of information sources and development expertise the Group has accumulated over the years. As a result, out of the total stock and investment amount for all assets earmarked for sales to investors of 340 billion yen (based on decisions made), we were able to boost assets for the Commercial Properties Business to 220 billion yen (both amounts are as of December 2020).

Going forward, we will continue to reinforce our property acquisition and development framework to meet the buoyant demand for real estate investment among investors.



Hiroshi Takahashi

Managing Officer
Responsible for Logistics Properties Development & Management Department; General Manager of Retail Properties Development & Management Department and Hotel Development & Management Department

Other Businesses

Overseas Businesses

The Tokyo Tatemono Group has established overseas subsidiaries in Shanghai and Singapore, and we are pursuing for-sale condominium operations with leading Chinese developer China Vanke Co., Ltd., as well as partnering with local companies to engage in development projects in emerging ASEAN countries that offer substantial growth potential.

Operating Environment / Social Issues

Opportunities	<ul style="list-style-type: none"> ■ Rise in middle-income and wealthy individuals due to strong economic growth in Asian countries ■ Growing number of local companies seeking tie-ups with Japanese partners and increased local government backup for attracting foreign capital
Risks	<ul style="list-style-type: none"> ■ Changes in economic and political conditions and tightening of real estate regulations

Advantages

- Strong development track record (a total of about 25,000 units delivered to date) and relationship built up over more than 15 years with major Chinese developer China Vanke
- Wealth of real estate development expertise and high-quality condominium development experience gained in Japan

Key Strategies in the Medium-Term Business Plan

- Collaborate with prominent local developers knowledgeable about business practices and markets in their countries
- Expand the business chiefly in China and other countries where we have an existing footprint. Dispatch employees to operational sites and implement rigorous risk management
- Invest in the for-sale condominium business, which features relatively short business cycles and little risk of change in the business environment

» Capture business opportunities through tie-ups with leading local partners

Tokyo Tatemono has steadily expanded its Overseas Businesses through partnerships with leading local property developers and send its employees to operational sites to ensure continuous risk control. We have been involved in the development of for-sale condominium operations in China with major local developer China Vanke for more than 15 years. We will continue to assess the level of business confidence and demand in each city in China, and newly invest in cities demonstrating robust actual demand. In other Asian countries as well, we will continue to grow the business while assessing the level of business confidence and demand in each country.

79 Robinson Road

In Tanjong Pagar, Singapore's central business district, Tokyo Tatemono was involved in developing a high-grade office building, a rarity in the district. It is due to be directly connected to a nearby subway station in the future, and has already filled about 90% of tenant applications.



Yangzhou-Chengxi Project, China

The Yangzhou-Chengxi Project is our fifth residential development project in Yangzhou, a third-tier city in China which demonstrates solid actual demand. There are large-scale retail facilities and educational facilities in the area around the project, which is in a highly convenient location.



Total project cost: **Approx. 75 billion yen**

Tokyo Tatemono share: **Approx. 15%**

Total project cost: **Approx. 37 billion yen**

Tokyo Tatemono share: **Approx. 25%**

Fund Business

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

Operating Environment / Social Issues

Opportunities	<ul style="list-style-type: none"> ■ Growing needs for real estate investment ■ Expanding asset types available for investment
Risks	<ul style="list-style-type: none"> ■ Mounting competition to acquire real estate ■ Shifts in the financing environment

Advantages

- Able to draw on the real estate expertise of Tokyo Tatemono to gain opportunities to acquire real estate and maximize asset value

Key Strategies in the Medium-Term Business Plan

- Support the growth of J-REITs, private REITs, and private funds by increasing property sales to investors
- Increase profit opportunities by expanding the Group's assets under management

» Increase profit opportunities for the Group by strengthening the J-REIT, private REIT, and private fund businesses

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

Japan Prime Realty Investment Corporation

Assets targeted for investment: office buildings, urban retail facilities, hotels

Total acquisition price (as of December 2020) **467.5 billion yen**

Total acquisition price (as of December 2020) **549.9 billion yen**

Tokyo Tatemono Private REIT, Inc.

Assets targeted for investment: office buildings, residential leasing, and real estate for other purposes

Total acquisition price (as of March 2021) **61.2 billion yen**

Total acquisition price (as of March 2021) **64.8 billion yen**

Leisure and Child Care Business

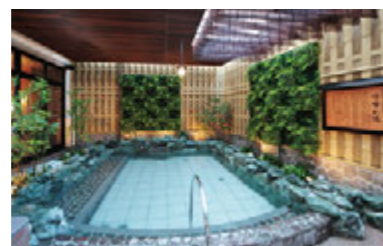
Leisure Business

As lifestyles in Japan grow more diverse and consumers increasingly choose to spend money on experiences as opposed to goods, our Leisure Business aims to offer authentic experiences and highly hospitable services that provide customers with maximum relaxation and comfort. Targeting the recent boom in pet tourism, pet-friendly Regina Resort hotels feature facilities and services on a par with luxury hotels while allowing guests to be

accompanied by their dogs in all rooms and areas. Highly popular among wealthy dog owners, the number of Regina Resort with DOGS hotels has increased to eight. We also operate nine Ofuro no Osama bathhouses mainly in the Tokyo metropolitan area, where customers can freely enjoy a dozen different baths and stone spas that offer health and beauty benefits. Many customers enjoy these bathhouses as places to communicate with family and friends as well as support their mental and physical well-being. The Group also operates 12 golf courses throughout Japan.



Regina Resort Kyu-Karuzawa



Ofuro no Osama Ooimachi



Kawaguchiko Country Club

Child Care Business

Tokyo Tatemono entered the child care business in 2016 in view of mounting needs for child care accompanying the increased participation of women in the workforce and the rise in dual-income households, as growing waiting lists for child care facilities became a pressing social

concern. Driven by considerable demand and backed by government support, we have steadily expanded our child care network, opening 14 new Ohayo (Good Morning) Child Care centers in just four years and opening Sekimachi-Minami After-School, the first school-aged child care center of Group company Tokyo Tatemono Kids, in April 2020.



Ohayo Child Care Nishi-Sugamo



Ohayo Child Care Oomorimachi



Ohayo Child Care Nonoaoyama



Human capital

Tokyo Tatemono sees human resources both as the source of creating corporate value and realizing sustainable growth, and as an indispensable foundation for management. With an eye toward realizing the company's long-term vision and beyond, we are positioning the strengthening of human resources as a critical issue, and are working to secure and develop personnel who can lead the company into a new era of growth.

Human Resources Management

Our HR management system consists mainly of three components: a role rating system, a Management by Objectives system, and a behavioral assessment system. We have implemented 360-degree feedback for some levels of management to give managers a chance to take stock of their own performance, and have also taken steps to open up growth opportunities for employees, such as introducing a job challenge system and overseas training. We are also focusing on securing diverse human resources who can stay abreast of the changing times, by recruiting both new graduates and mid-career job seekers.

Although Tokyo Tatemono's organizational structure is based on business divisions, we manage personnel functions on a group-wide basis, and have in place a system to flexibly allocate the right people to the right jobs.

Human Resources Development

The company strives to develop the skills of employees, reflecting our belief that human resources are the foundation upon which sustainable corporate growth is built. We offer job level-specific training, from new employees to executives. To instill the experience and broader knowledge base required for employees of a comprehensive real estate developer, we rotate new graduate hires among three departments to gain experience in their first ten years. In addition, we have established self-development programs and support systems to assist employees in acquiring certification. These are to help employees pursue independent learning at all stages of their career. We also offer support for learning foreign languages, as well as for employees going abroad for training, with a view to the future global business expansion of the Group.

Summary 2021 Training Programs

	Training per Management Level	Global Training	Self-Education/ External Dispatch
Executives	Executive Training	<ul style="list-style-type: none"> Attending language schools Overseas on-site observation Overseas dispatch training Internships with local subsidiaries 	<ul style="list-style-type: none"> Support for attending business/graduate school Single-subject business school training dispatch Cross-industry training Distance learning External seminars
General Managers	New General Manager Training		
Group Leaders	New Group Leader Training		
Managers	New Manager Training		
Assistant Managers	New Assistant Manager Training		
Senior Employees	<ul style="list-style-type: none"> Strategic Communication Finance Marketing Third-year Group Training 		
New Employees	<ul style="list-style-type: none"> New Employee Training Logical Thinking 		
	Electives <ul style="list-style-type: none"> Coaching: Basics Coaching: Advice Strategic OJT Leadership Business Development Data Science Design Thinking Negotiation Action Learning Break Throughs Lectures by Outside Experts 		

Initiatives to Encourage Certification

The company has established a system to encourage employees to seek various kinds of certification, such as Real Estate Broker, Real Estate Appraiser, and First-Class Architect. By supporting employees who study for and acquire certification in various areas, the system helps them carry out their work at a higher level and accumulate valuable work-related knowledge.

Holders of major certification types

- Real Estate Broker 697
- Real Estate Appraiser 22
- First-Class Architect 95
- Certified Building Administrator 157
- People Who Passed the Real Estate Consulting Skills Exam 76
- Association for Real Estate Securitization (ARES) Certified Master 64
- Urban Renewal Planner 87

* Figures for the company alone as of May 2021
Includes employees seconded from Tokyo Tatemono to outside positions

» Diversity & Inclusion

Tokyo Tatemono is creating an environment in which diverse personnel are motivated and dedicated in their work, able to act freely without constraint. The successful activities of a diverse HR pool will drive services that meet the increasingly sophisticated and diversified needs of customers. We support women taking active roles in the workplace, seeking to empower them to pursue their ambitions by making use of their unique talents and fully reaching their potential. We have established leave systems that all employees regardless of gender can use in the case of pregnancy, childbirth, child rearing, and long-term care, and have set up a re-employment system for former employees. We also provide a system to approve leave for up to three years for employees whose spouses have been transferred overseas. Our hiring practices do not distinguish based on nationality or race. Overseas, for local subsidiaries we aim to hire qualified personnel of various nationalities and support their success.

» Health Management Initiatives

■ 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 Health Officer, and I vow that we will pursue health management, unified as a group.

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

■ Health Management Initiatives

Based on its Health Management Declaration, the Group is pursuing activities to encourage each and every person to maintain and improve their health, so that all executives and employees can reach their full potential. In 2021, the



company and four group companies—Tokyo Tatemono Real Estate Sales Co., Ltd., E-State Online Co., Ltd., Tokyo Fudosan Kanri Co., Ltd., and Tokyo Realty Investment Management, Inc.—were recognized as Certified Health and Productivity Management Organizations. In addition, our company has been certified as one of the top 500 companies in Japan (White 500).

■ Mental Health Initiatives

Each company employee has access to an online service for annual stress self-checkups. We also conduct training on self-care and the care of subordinates to promote mental health awareness. This is mandatory for new group leaders in particular. The training currently boasts a 100% participation rate. We also invite sports trainers to conduct company-wide training seminars for all new employees.

■ Improving the Working Environment

We are working to foster pleasant workplaces that help prevent occupational accidents and health issues by reducing work fatigue and stress. When the head office relocated to the Tokyo Tatemono Yaesu Building in 2020, we put particular emphasis on creating office spaces that allow employees to work comfortably. This earned the company an "S" (highest) score in the government-sponsored CASBEE Wellness Office certification scheme. The certification took special notice of the building's operation and management approach and other measures to realize a high degree of comfort and create a conducive environment.

» Respect for Human Rights

We formulated the Tokyo Tatemono Group Human Rights Policy, based on the United Nations Guiding Principles on Business and Human Rights, to ensure respect for human rights. We require every person engaged in the business of the Group to observe the policy, and expect our business partners and other stakeholders to observe it as well. Keenly aware of the importance of respecting the rights of all stakeholders involved in the business, the Group, based on the policy, carries out human rights due diligence efforts to grasp, mitigate, redress, and remedy any human rights issues that may arise in the course of business.

■ Metrics Related to Human Capital

Overtime

24 hours/month

Data collection period:
January 2020 to
December 2020

Paid Leave Taken

51.2 %

Data collection period:
April 2020 to March 2021

Workplace Incidents

None

Data collection period:
April 2020 to March 2021

Ratio of Women Employees

30.2 %

As of December 2020

Ratio of Women Managers

6.0 %

As of December 2020

Item	Scope	KPIs and targets
Promotion of skills development	Tokyo Tatemono	Average training time of 15 hours or more of training per employee per year Career training participation rate: 100% each year
Promotion of health management	Tokyo Tatemono	Health checkup and reexamination rates: 100% each year Smoking rate: 12% or less by 2022
Work-life balance	Tokyo Tatemono	Average annual paid leave utilization rate: 70% or more each year Ratio of male employees taking parental leave: 30% or more by 2025
Promotion of diversity in our workforce	Tokyo Tatemono	Ratio of women in management positions: 10% or more by 2030 Employment rate of persons with disabilities: 2.3% or more each year
Respect for human rights	Tokyo Tatemono Group	Dissemination of the Human Rights Policy to all Group companies and compliance

Initiatives to Strengthen Human Capital

■ HR Measures to Foster Trust

Tokyo Tatemono has always done business with an emphasis on earning the trust of our various stakeholders, including customers, business partners, and community residents. Further deepening this trust is essential to our efforts to achieve sustainable corporate growth and help address social issues. We believe that when every employee performs to a high standard, this engenders trust. Investing in and developing human resources and fostering diversity have long been important themes for the company, but now we are making these more explicit: Having reviewed the Group's material issues in the year under review, we identified improving employee growth and job satisfaction and fostering diversity and inclusion as being central to building a foundation from which to create value. To this end, we will further reinforce our HR measures.

In terms of steps to help improve employee growth and job satisfaction, we are preparing a systematic training framework, which includes job level-specific training that sets out the training elements needed for various positions, as well as global training that lays the groundwork for cultivating diversity in the workplace. Going forward, we will further enhance training for skill development and focus on creating an HR portfolio to respond to the expectations and needs of all stakeholders over the long term.

Regarding diversity and inclusion, empowering the active participation of women in the workplace is a particular priority. Our goal is to raise the ratio of women managers from the current 6% to more than 10% by 2030. Also, for employees to continue to play a long-term, active role in the company, the physical and mental health of employees and their families is of the utmost importance. The company's health management framework is under the direct oversight of the president, who acts as Chief Health Officer. Partly for this reason, we have been recognized as a Certified Health and Productivity Management Organization for five years in a row.

■ Flexible Working Styles for the New Normal

The COVID-19 pandemic caused the pace of change in working styles to accelerate. Tokyo Tatemono is promoting the creation of workspaces that are conducive to good health and to new approaches to working. Like many companies, we introduced a system to allow working from home or at satellite offices both to prevent infection and to enable more efficient working styles. Our Head Office also earned an "S" (highest) score in the CASBEE Wellness Office certification scheme.

■ Responsibility Toward Human Rights

The Group formulated a new human rights policy this year to help us fulfill our duty to respect human rights, which is indispensable for a company to grow sustainably. Aside from observing international norms and regulations, we are working to establish a system for human rights due diligence, relief, and redress.



Masahiko Nishimura
General Manager,
Personnel Department



Natural Capital

Based on our shared Group Environmental Policy, the Group is helping to bring about a sustainable society through environmentally sensitive business activities. We are working to enhance the environmental performance of real estate properties and achieve a balance with nature to prevent intensifying climate change and further environmental destruction.

» Medium- and Long-term Targets for Reducing Greenhouse Gas Emissions

In May 2021, we established medium- and long-term targets for reducing greenhouse gas emissions toward the realization of a carbon-free society.

Targets for reducing greenhouse gas emissions	
2030	A 40% reduction in CO ₂ emissions compared to fiscal 2019*1.
2050	Net zero CO ₂ emissions

Actions to achieve medium- and long-term targets

- By fiscal 2030, ensure that 40% of the electricity consumed by our real estate holdings is converted to renewable energy*2. By fiscal 2050, ensure that 100% of the electricity consumed in our business activities is converted to renewable energy.
- In principle, develop ZEB*3 and ZEH*4 in all new office buildings, logistics facilities, and for-sale condominiums by fiscal 2030.
- In principle, acquire green building certification*5 for all newly developed office buildings and logistics facilities by fiscal 2030.

*1 CO₂ emissions: Total emissions from Scope 1, 2 and 3
 Scope 1: Direct emissions that occur from the use of fuel by the Group
 Scope 2: Indirect emissions that occur from the use of electricity and heat purchased by the Group
 Scope 3: Indirect emissions that occur from other business activities (building construction, use of sold real estate, etc.)

*2 Includes consumption of non-fossil fuel certificates categorized as renewable energy
 *3 Zero Energy Buildings (ZEB) is a building that aims to achieve an annual primary energy consumption balance of zero by maximizing energy independence through the use of advanced technologies that enable significant energy savings and the introduction of renewable energy. ZEB consists of Nearly ZEB (energy savings of at least 75%), ZEB Ready (energy savings of at least 50%) and ZEB Oriented (energy savings of at least 40% in office buildings and 30% in hotels with a floor space of 10,000 m² or more), each of which will be included in the Group's initiatives

*4 Zero Energy Houses (ZEH) reduces total energy consumption through measures such as heat insulation and energy savings as well as generating energy through power generation to balance out the annual primary energy consumption to zero. ZEH-M, the zero energy housing standard for condominiums, consists of Nearly ZEH-M (energy savings of at least 75%), ZEH-M Ready (energy savings of at least 50%) and ZEH-M Oriented (energy savings of at least 20%), each of which will be included in the Group's initiatives

*5 Green building certification indicates an objective index for evaluating buildings designed to improve overall environmental performance, such as reduction of energy and water consumption related to construction and operation and the greening of facilities. There are several certification programs in Japan. DBJ Green Building Certification is a system carried out by the Development Bank of Japan. The Ministry of Land, Infrastructure, Transport and Tourism's Comprehensive Assessment System for Built Environment Efficiency (CASBEE) assesses a building from several perspectives, including environmental performance and comfort. The Building-Housing Energy efficiency Labeling System (BELS) is a third-party certification system for indicating the energy-saving performance of buildings.

» Environmental Management in the Commercial Properties Business

Of all Tokyo Tatemono business activities, the Commercial Properties Business, which operates and manages office buildings and retail facilities, uses the most energy. Since lower energy use in this business means a significant reduction in Tokyo Tatemono's overall energy consumption, for this segment we have formulated and are pursuing environmental action plans and guidelines and striving to be environmentally aware. When developing office buildings, we actively adopt environmental and energy-saving technologies to create environmentally friendly buildings that are well-received by society. For existing buildings, we promote energy conservation by strategically renovating such buildings using energy-saving equipment. From an operating standpoint, we also collaborate with tenants to conserve energy and reduce environmental impact.

We have set a quantitative indicator in the form of a power consumption per floor space unit to reduce energy consumption. Here, we target a 1% annual unit reduction averaged over five years as a target in accordance with the Energy Conservation Act.

» Environmental Management in the Residential Business

In the Residential Business, we have taken a variety of creative approaches to environmental management. We formulated the Brillia Environmental Guidelines to systematize our environmental initiatives. We have also established two concepts for the development of condominiums: "Creating green lifestyles" and "Realizing homes with reduced environmental impact (CO₂ reduction)."

The guidelines define a set of environmental performance ratings with four levels of environmental friendliness. In addition to the required specifications for each level, at

each stage of the project from planning stage to design, we also check details such as the environmental certification rankings (CASBEE, etc.) and CO₂ emission reduction for each level.

We revise the guidelines periodically in response to social changes and technological advancements, and in this way continue to increase the value of the Brillia brand.

» Issuance of Sustainability Bonds

The Group issued sustainability bonds* in July 2020 to fund our ongoing urban development projects that contribute to solving social issues in the Yaesu-Nihonbashi-Kyobashi area, such as the Yaesu and Gofukubashi projects and initiatives to form innovation ecosystems. One aim of the bond issuance is to gain wide recognition for the Group's sustainability initiatives. Issuing bonds with the goal of solving social issues and achieving environmental sustainability was a first for the Japanese real estate sector.

The bond issue received the highest Gold Award in the fundraiser category at the Minister of the Environment ESG Finance Awards Japan. We are the only company to receive an award in the fundraiser category for two years in a row.

* Sustainability Bonds are debt instruments whose proceeds must be used to finance eligible projects that: (1) contribute to solving social issues (social features); and (2) have a positive impact on the environment (green features)

Balance of green bonds and sustainability bonds issued

90 billion yen
 (including 50 billion yen in hybrid corporate bonds)



» ESG Benchmark Evaluation

Tokyo Tatemono received the highest rating of 5 Stars in the GRESB* Real Estate Standing Investments Benchmark, which assesses a company's real estate management portfolio and is a category of the GRESB Real Estate Evaluation, a benchmark that evaluates ESG initiatives in the real estate sector. We are the only real estate developer in Japan to receive the highest rating of 5 stars for four consecutive years.

We have also received a 5 Star rating in the GRESB Development Benchmark, a benchmark introduced in 2020 that evaluates new real estate development and large-scale renovation portfolios.

* GRESB (Global Real Estate Sustainability Benchmark). An ESG benchmark specializing in real estate, established by a group of European pension funds

» Environmental Certification

As of the date of this report, nine offices and commercial buildings owned and managed by Tokyo Tatemono have received high ratings of four or five stars in the DBJ Green Building Certification*.

* DBJ Green Building Certification is a system established by the Development Bank of Japan to evaluate initiatives related to the environmental and social awareness of real estate

Certified Properties

DBJ Green Building Certification		BELS	
★★★★ ★★	Hareza Tower	★★★★	Hareza Tower
	Otemachi Tower	★★	
	Tokyo Square Garden		
★★★★ ★★	Nakano Central Park South	★★★★	Otemachi Tower
	SMARK ISESAKI		
	Brillia 1st Tower Kachidoki (Residence)	★★	Empire Building
★★ ★★	Tokyo Tatemono	ZEB	
	Nihonbashi Building	ZEB	Hareza Tower
	Tokyo Tatemono	Ready	
	Yaesu Building		
	Osaki Center Building		

CASBEE Building

S rank: Hareza Tower, Nagoya Prime Central Tower

ABINC Certification*1 (Association for Business Innovation in harmony with Nature and Community® Certification)

Otemachi Tower, Tokyo Square Garden

SEGES Certification*2 (Urban Oasis)

Otemachi Tower, Tokyo Square Garden

*1 ABINC Certification is a third-party evaluation and certification system for biodiversity conservation efforts, using the Japan Business Initiative for Biodiversity-developed Association for Business Innovation in harmony with Nature and Community®, Certification Guideline and the Land Use Score Card® as evaluation standards
 *2 SEGES is the Social and Environmental Green Evaluation System



» Green Office Building Development

Tokyo Tatemono is registered in the ZEB Leading Owner Registration System and we aim to contribute to the promotion of ZEB.

Hareza Tower is the first high-rise*, mixed-use building to receive ZEB Ready certification, thanks to the installation of a highly versatile facility system that includes LED lighting, brightness sensor and motion sensor controls, and a high-efficiency air-cooled heat pump package, as well as consideration of appropriate design conditions, such as the selection of 500 lux lighting fixtures for dedicated office areas.



Hareza Ikebukuro

* BELS case data list according to the website of the Japan Housing Performance Evaluation and Display Association (as of June 2019)

» Providing Housing that Is Environmentally Friendly and Disaster Resilient

Having been registered under the ZEH Developer Registration Program since it was launched in May 2018, the Group is actively promoting net zero energy (ZEH-M)* condominiums. Brillia Tower Seiseki Sakuragaoka Blooming Residence, scheduled for completion in 2022, is the first and only project in the Tokyo metropolitan area to be adopted in the Super-High-Rise ZEH-M* Demonstration Project in FY2019 sponsored by the Ministry of Economy, Trade and Industry.

This condominium meets the standards for a ZEH-M Oriented condominium, which are the standards urged for high-rise apartments of six or more floors. It does so by boosting the heat insulation performance of the outer walls and by adopting high heat insulation sashes and high-efficiency hot water supply equipment.

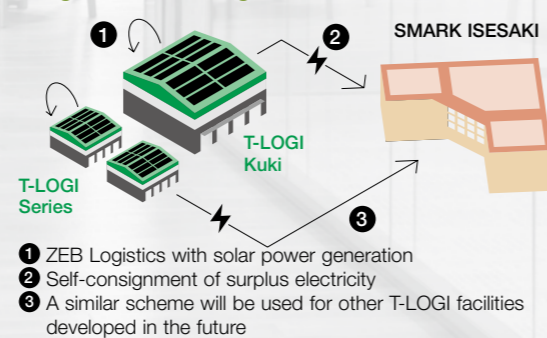
As part of environmental measures in the Commercial Properties Business, we are installing solar panels with the largest possible capacity at T-LOGI Kuki, a logistics facility developed by Tokyo Tatemono. The electricity generated will be consumed onsite at the facility, which will acquire ZEB certification as an environmentally friendly logistics facility.

In addition, surplus electricity that cannot be fully consumed by T-LOGI Kuki will be self-consigned to SMARK ISESAKI, a retail facility owned by Tokyo Tatemono.

Going forward, we will incorporate solar panels and energy saving measures into the T-LOGI series of logistics facilities scheduled for construction to realize environmentally friendly logistics facilities (ZEB Logistics). We will also build a self-consignment business model in which a number of T-LOGI facilities will supply electricity to SMARK ISESAKI and other Group-related facilities.

Building on these efforts, we will continue to help solve social issues by pressing forward with the implementation of distributed energy systems that use energy conservation measures and renewable energy power sources.

Image of Self-Consignment Business



Hiroto Fukui
General Manager, Business Planning Department, Commercial Properties Division

Disclosure Based on TCFD Recommendations

» Expressing Support for TCFD

In June 2020, the Group announced its support for the TCFD recommendations. Climate change is a social issue that calls for global collaboration. As such, it is a priority that Tokyo Tatemono must also address. The Group considers the increasingly severe natural disasters caused by climate change, such as storm and flood damage, to be a major risk to its assets. On the other hand, Japan's declared goal of achieving a carbon neutral society with zero greenhouse gas emissions by 2050 is likely to lead to the further expansion of green investment in areas such as sustainable energy, which we expect will lead to new business opportunities for our Group.

» Governance

The Group's Sustainability Committee discusses the formulation of policies for addressing risks and opportunities linked to climate change as well as important matters such as our greenhouse gas emissions reduction efforts and progress against our reduction targets. Chaired by the president, the Committee reports its findings to the Board of Directors for discussion.

The Sustainability Committee proposes and formulates policies and strategies for important matters related to the promotion of sustainability, such as greenhouse gas emissions reduction targets and studies toward expanding the use of renewable energy. In addition, the Sustainability Promotion Committee, a subordinate organization of the Sustainability Committee, examines specific measures for implementing these policies.

» Strategy (Scenario Analysis)

Drawing from multiple scenarios published by the IPCC*1 and the IEA*2, the Group based its analysis on two scenarios: the current scenario (4°C scenario), in which temperatures rise by 4°C or more compared to pre-industrial levels by 2100, and the transition scenario (<2°C scenario), in which temperature rise is limited to less than 2°C. The scope of the analysis was to identify the main risks and opportunities—primarily for the Group's core businesses, the Commercial Properties Business and Residential Business—and to assess their materiality in terms of their expected degree of impact on the Group's finances. The period of impact was categorized into short-term (1-5 years), medium-term (5-10 years),

and long-term (>10 years). Based on the results of this analysis, the Group set its targets for its initiatives toward realizing a decarbonized society.

*1 IPCC (Intergovernmental Panel on Climate Change): an institution that provides clear scientific opinions of the status of climate change and its socioeconomic impact
*2 IEA (International Energy Agency): an independent body within the OECD that facilitates policy cooperation on energy security and energy

» Risk Management

Climate change risk is recognized as one of the most important risks that could have a significant impact on the management of the Tokyo Tatemono Group, and is managed within a company-wide risk management framework. The Sustainability Committee examines each policy and strategy for minimizing risk and targeting opportunities associated with climate change risks. These are reported to the Board of Directors and included in its agenda as necessary.

» Indicators and Targets

Target for fiscal 2050

- Net zero CO₂ emissions
- Ensure that 100% of the electricity consumed in our business activities is from renewable energy sources.

Target for fiscal 2030

- A 40% reduction in CO₂ emissions compared to fiscal 2019.
- Ensure that 40% of the electricity consumed by our real estate holdings is from renewable energy sources.
- In principle, develop ZEB and ZEH in all new office buildings, logistics facilities, and condominiums.
- In principle, acquire green building certification for all newly developed office buildings and logistics facilities.



Actions to Strengthen Natural Capital

The environment-related materiality of the Tokyo Tatemono Group includes promoting a decarbonized society and promoting a recycling-oriented society (see page 49). We have set both medium- and long-term targets for the former. We submitted these targets for approval by the Science Based Targets initiative (SBTi)*1, a global partnership that recommends the setting of scientifically-based greenhouse gas emission reduction targets for achieving the goals set forth by the Paris Agreement, and expect to obtain certification. We have also applied to join RE100 (Renewable Energy 100%)*2, a global initiative for companies committed to 100% renewable energy use for their business. These medium- and long-term targets will guide us in helping to bring about a sustainable society by further reinforcing our efforts to achieve net zero CO₂ emissions.

*1 The SBTi is a global partnership between CDP, the United Nations Global Compact, World Resources Institute (WRI), and the World Wide Fund for Nature (WWF), established in 2015. Its role is to verify and certify whether or not targets set by private-sector companies for reducing greenhouse gas emissions to achieve the targets of the Paris Agreement (limiting global temperature rise to well-below 2°C above pre-industrial levels) have a scientific basis

*2 RE100 (Renewable Energy 100%) is a global initiative led by NGO the Climate Group in partnership with CDP. It is a coalition of the world's most influential businesses committed to transitioning to 100% renewable electricity used in business by 2050

Corporate Governance

» Policy and Concept

Tokyo Tatemono strives to build optimal corporate governance, aiming to enhance efficiency while ensuring the soundness and transparency of management to increase corporate value. In addition, we actively and appropriately disclose information for shareholders and other stakeholders to understand the company's business activities accurately. In the spirit of legal compliance as stated in the Compliance Charter, we have also built a compliance system and are working to raise awareness of legal compliance as well as curb and prevent the occurrence of illegal or fraudulent activities.

» Corporate Governance Structure

We have selected a Company with Audit and Supervisory Board format as our corporate management system. We have also established a Board of Directors and an Audit and Supervisory Board. Our executive officer system clarifies the separation of functions between management and business execution. This system strengthens management and supervisory functions and business execution functions in the Company. Furthermore, we appoint external directors and external Audit and Supervisory Board members who help us operate under stronger management supervision and ensure transparency.

Furthermore, based on the Group Business Management Standards, we are striving to enhance group governance, and have established the Executive Committee to ensure efficient and sound group management.

» Selection and Appointment of Directors and Audit and Supervisory Board Members

We comprehensively evaluate the personality, abilities, knowledge, and experience of candidates and select those who possess qualities that can contribute to increasing the longer-term corporate value of the Group as members of management, and appoint them as candidates for directors and Audit and Supervisory Board members. Selection and dismissal of representative directors and appointment of candidates for director and Audit and Supervisory Board member are discussed in meetings of the Nomination and Remuneration Advisory Committee, which mainly consists of independent external directors, and decided in Board meetings.

meetings, receive reports from our financial statement auditors, directors, and employees of various departments as necessary, and exchange opinions with these parties at any time.

» Cross-Shareholdings

We acquire and hold shares of other companies for non-investment purposes (cross-shareholdings) when we have determined that holding such shares is likely to contribute to maintaining and increasing the medium- and long-term corporate value of the Group by maintaining and strengthening business relationships with business partners.

We verify the appropriateness of our individual cross-shareholdings with a view to whether holding them will continue to contribute to maintaining and increasing the corporate value of the Group. Verification is performed by viewing the transaction results and prospects of real estate transactions, joint ventures, construction and equipment transactions, and financial transactions, in addition to dividend results. We report verification and disposal results to the Board of Directors at least once every year, and if we determine that such cross-shareholding is no longer significant, we seek to reduce the cross-shareholding while considering the impact on the stock market and other factors.

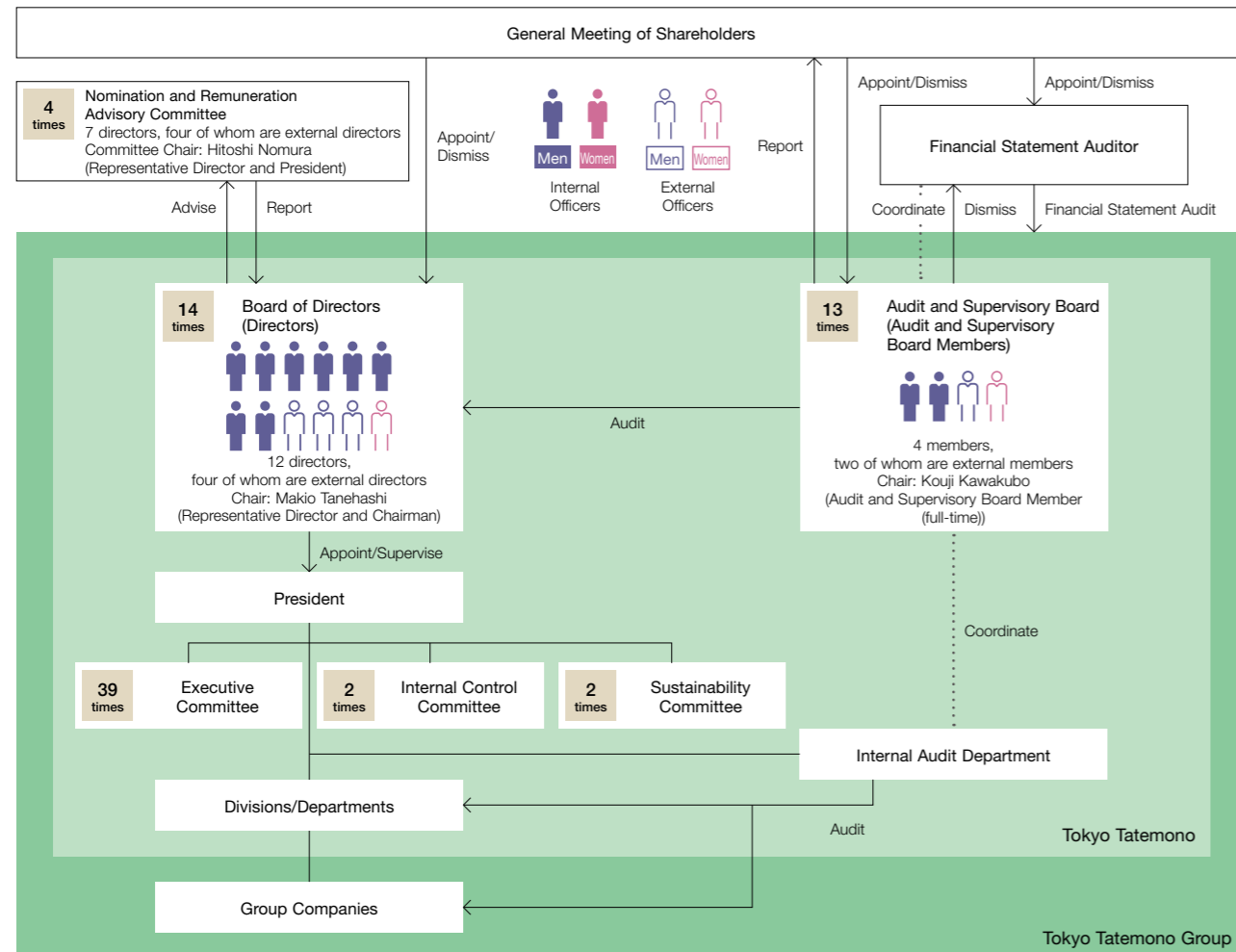
The medium-term business plan (fiscal 2020 to 2024) calls for us to reduce cross-shareholdings, partly in an effort to increase asset efficiency as part of efforts to review the asset portfolio.

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

The Corporate Planning Department provides explanations and information as necessary to support external directors and external Audit and Supervisory Board members. The Department also serves as secretariat for the Board of Directors.

At the request of the Audit and Supervisory Board, we assign personnel to serve as audit staff to encourage the smooth execution of audit procedures. We have established a system that enables full-time Audit and Supervisory Board members to attend important corporate meetings, including Board meetings and Executive Committee

Corporate Governance Structure



Board of Directors Related Data

	Unit	2016	2017	2018	2019	2020
Number of Board meetings	Meetings	13	12	13	15	14
Number of directors	Persons	9	11	12	12	12
Number of executive officers on Board	Persons	6	7	7	7	7
Number of non-executive officers on Board (excluding independent external directors)	Persons	0	1	1	1	1
Number of independent external directors	Persons	3	3	4	4	4
Proportion of external directors	%	33	27	33	33	33
Average Board meeting attendance	%	100	100	100	99	100
Average tenure of directors (including independent external directors)	Years	5.3 (March)	5.0 (March)	5.8 (March)	3.8 (March)	4.8 (March)

▶ Data collection period: January to December of each year. Unless otherwise specified, figures are as of December each year
▶ Data collection scope: Tokyo Tatemono

Corporate Governance

» Evaluation of the Effectiveness of the Board of Directors

We conduct an annual survey on the structure, agenda items, and operation of the Board of Directors and evaluate the effectiveness of the Board based on the results. Below is an overview of the effectiveness evaluation for fiscal 2020.

■ Evaluation Process / Topics

Evaluation Process A questionnaire survey was administered to all directors and Audit and Supervisory Board members. Their responses were aggregated and analyzed, and the results shared in a Board of Directors meeting, where future issues and measures were discussed.

Topics

- Structure:** Ratio, number, and diversity of external directors
- Agenda:** Number, content, and standard expressions of monetary amounts in agenda items
- Operation:** Number of meetings, length of meetings, explanation provided prior to meetings, explanatory materials, time taken for explanation, time taken for discussion, and reported content
- Other:** Support system, training

■ Results of Evaluation and Future Actions

The evaluation results confirmed that the Board of Directors is sufficiently effective. In addition, discussion of the survey results in a Board of Directors meeting confirmed the following issues.

Matters whose Evaluation Improved Year on Year

- Greater discussion of longer-term management issues and policies.

Future Issues and Actions

- Actions to review and improve the standard expressions of monetary amounts and content of submitted agendas, advance explanation of the agenda, and timing of advance distribution of explanatory materials; actions to improve the efficiency and liveliness of discussions.

» Sustainable Procurement Standards

As well as ensuring respect for human rights, the Tokyo Tatemono Group recognizes the need to ensure commitment throughout the entire supply chain to sustainable procurement that considers environmental conservation. In May 2021, the Group formulated the Sustainable Procurement Standards to clearly set forth the Group's approach and to gain further understanding and cooperation from business partners. We obtained advice from external experts when formulating the plan, to ensure our correct understanding of the demands and requirements of society. The plan has also been approved by the Board of Directors.

These standards are intended for business partners involved in the Group's business, and reflect our commitment to managing our entire supply chain. We request that business partners understand and comply with the nine items listed in the standards. We also ask that they make improvements as necessary.

Summary of the Sustainable Procurement Standards

- Observance of Laws and Regulations**
 - Compliance with the laws and regulations of the countries and regions in which we operate
- Respect for Human Rights**
 - Ensuring respect for basic human rights based on international standards
 - Elimination of discrimination and harassment
- Assurance of Sound Labor Practices and Working Environments**
 - Ensuring freedom of association and the right to collective bargaining
 - Eliminating and preventing forced labor and child labor
 - Eliminating discrimination in working conditions
 - Complying with laws and regulations governing minimum wages, overtime pay, benefits, etc.
 - Eliminating illegal overtime and excessive labor
 - Creating a safe and healthy working environment
- Fair Business Activities**
 - Prohibition of bribery and other corrupt practices
 - Prohibition of unfair and anti-competitive transactions
 - Blocking relationships with antisocial forces
 - Protection and appropriate management of personal information and confidential matters
 - Protection of confidentiality of information related to reporting and the anonymity of whistleblowers
- Assurance and Improvement of Safety and Quality**
 - Ensuring and improving the quality of products and services and disclosing related information
 - Responding sincerely to requests and complaints
- Environmental Considerations**
 - Reduction of greenhouse gas emissions
 - Promotion of 3R, efficient use of resources, reduction of waste generation
 - Prevention of pollution of air, water, soil, etc., and appropriate management and disposal of chemical substances
 - Preservation of biodiversity
 - Elimination of illegal raw material procurement
- Co-existing with Local Communities**
 - Building good relationships with local communities
 - Understanding and respecting the culture and customs of local communities
- Formulation and Creation of BCP**
 - Formulate a business continuity plan (BCP) and build a system to implement it
- Collaboration in the Supply Chain**
 - Encourage business partners to understand, comply with, and improve these procurement standards

» Director Remuneration

Based on our Corporate Philosophy, "Trust beyond the era," the Group strives for sustainable growth and the improvement of corporate value over the longer term. Regarding director remuneration as well, our aim is to instill awareness of directors' responsibility to contribute to building corporate value not only in the short term but also over the longer term. To this end, we have adopted a system that links a certain percentage of remuneration to business and stock price performance.

■ Remuneration Policy

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

■ Remuneration Structure

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

Performance-based remuneration (for directors excluding external directors): Capped at 1% of consolidated ordinary profit and 2% of profit attributable to owners of parent for the year prior to the fiscal year in question*2

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

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

Breakdown by Remuneration Type

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

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

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

■ Remuneration Amount

The Nomination and Remuneration Advisory Board deliberates on the selection of candidates for directors and representative directors and the director remuneration (excluding external directors). Committee members are appointed from among the directors, but to capitalize on the knowledge and advice of external directors and ensure the objectivity and transparency of procedures, external directors will make up the majority of Committee members, which is set at seven or less.

Remuneration of Directors and Audit and Supervisory Board Members (fiscal 2020)

Director category	Eligible individuals	Total remuneration by type (million yen)			Total remuneration
		Fixed remuneration	Performance-based remuneration	Stock-based remuneration	
Directors (excluding external directors)	8	254	156	33	444
Audit and Supervisory Board members (excluding external members)	2	52	—	—	52
External directors and Audit and Supervisory Board members	6	54	—	—	54
Total	16	360	156	33	550



Makio Tanehashi, Chairman of the Board of Directors, and Yumiko Kinoshita, External Director, sat down to discuss actions taken so far in the management of Tokyo Tatemono Group's Board of Directors and upcoming issues and expectations for the Group.

1 The Role and Skills Expected of New External Director Yumiko Kinoshita

Tanehashi: Tokyo Tatemono appointed two new external directors at the General Meeting of Shareholders held on March 25, 2021. As a result, of the 16 directors and Audit and Supervisory Board members, six are external officers, of whom two are women. We decided on this framework because we wanted to strengthen the governance function of the Group and aim for sustainable growth by bringing the diverse experiences and skills of each officer to bear on management. We believe that the oversight of the business by external directors and the advice they bring to the table, drawing on their knowledge and experience, make for a more effective Board of Directors. The diversity of the overall skill matrix is crucial to this end.

That's why I have high expectations for you, Ms. Kinoshita, as one of our newly appointed external directors. That's also why I wanted to sit down with you to talk about the experience and skills you've acquired throughout your career, and based on that, to hear what

your hopes are as you take part in the management of Tokyo Tatemono.

Kinoshita: I started out my career at the Bank of Japan. At a time when there were only a few women college graduates at the Bank, there was a lot of trial and error in the beginning, but I think I got off to a solid start as a member of society.

After that, I went for a Master's degree at Harvard Kennedy School. At that time, there was a lot of "Japan bashing" going on in the United States, so through my classes and discussions with other students, I was really made to think again about Japan's place in the world.

I came back to Japan to work for McKinsey & Company. I recall being overwhelmed by all the talented people working together in the Tokyo office, all of whom had their own unique perspectives and ways of thinking about the world. Because McKinsey's personnel evaluation system was based on global standards, it was also a highly competitive culture. Your output was compared with colleagues from all over the world. At the same time, I encountered many situations in which numbers and logic alone couldn't paint the whole picture. For example, when

it was considered necessary to close a factory as part of a corporate merger, the theory on paper by itself was not compelling. I experienced firsthand the importance of building relationships of trust, empathizing with other people's feelings, and taking the time to make a case. I was raising young children at the time, so it was a daily struggle as I felt overwhelmed by the quality and quantity of work. It was difficult at times, but the experience of working hard in the midst of friendly but strong rivalry would serve me well later on.

After that, I held several jobs. I worked in the international department of the National Museum of Emerging Science and Innovation, as Director of Corporate Planning for KidZania, as Director of the Japan Professional Football (Soccer) League, and as Director of the Tokyo Football Association.

Tanehashi: It sounds like you have a very wide range of valuable experience.

You talked about raising children. Our Group has a lot of very talented women employees. I would like to hold up your experience as a role model for them.

Kinoshita: People find themselves in all sorts of contexts, so I would like to hear what your employees have to say rather than using my own experience as a model. I've found that as people interact with each other it more often leads to new insights and understanding.

Tanehashi: Thank you. I'd really like to create opportunities for that to happen, so that employees who are concerned about the work they are facing can come to you with their opinions.

I'm also excited about the breadth of experience you bring to your role—your career since you came back to Japan exposed you to the worlds of culture and sports. The work of real estate developers isn't just about constructing office buildings and residences. Beyond that, it's essential that we have a perspective of how to make better cities. That's why I think we need a grounding in the liberal arts. Our Group is currently engaged in redevelopment projects like the one at Yaesu. When we come to a project like that, our aim is not to simply build physical structures. We need an overarching concept to guide us in increasing the value of an area. So, we want to look back on the local history, while also thinking about what will enhance Tokyo's stature as an international city. Passing on the local food culture might be one way to approach a project. In this way, development demands that we have insight into the local area, and creative ambitions for the future. I think the liberal arts provide the background for that.

Kinoshita: I think you're right. I agree that the culture and thinking that underpin the various work we engage in are very important.

For example, when I was at KidZania, at one point my main responsibility was customer support as onsite manager. At the time, there was a shared awareness among the staff that our role was not simply to help customers have a good time at the facility, but to think about how we could empower children for their future lives through the experience of working.

Also, when I was involved in managing the Japan Professional Football League (J League), touring around observing all the football clubs throughout the country gave me the chance to encounter the history and culture in various regions. What I sensed was the profound diversity of each region. All the different clans in feudal Japan were so unique that they left a distinct mark, which still remains. That seems to be exactly the point of regional revitalization and urban development.

2 What the Board of Directors Should Focus on

Kinoshita: What struck me in participating in my first Board meeting was that the directors were keenly aware of the issues the Group is facing, and also that the discussions were quite lively. It was a climate in which the external directors could freely express themselves. Also, the agenda was separated into deliberation and reporting sections, so it was easy to know what kind of response was expected in each section.

Tanehashi: External directors are expected to exercise oversight and advisory functions for the companies they serve. So, I would like to talk with you a bit about some of the issues I see facing the company in our current business environment.

First, since real estate development is a long-term business, it bears business risks such as economic fluctuations. It's also a business area that requires approaching social issues, such as those spelled out in the SDGs, from a long-term strategic perspective.

The second thing I would say is that it is necessary to grasp the nature and impact of country risks and legal risks associated with expanding the business overseas. We have to recognize that the risks are different from what we find when doing business in Japan.

The third issue is bringing opinions from a user perspective into the management of the company. As a

Dialogue between the Chairman of the Board and an External Director



Tanehashi: As you said, actually going overseas and seeing things with your own eyes can bring you to an understanding of the local culture, and is sure to open up new perspectives and ideas.

Kinoshita: Regarding your third point about user perspectives, I'm hoping to speak as a consumer at Board meetings. By the way, when I first heard about the external director offer, I was surprised to find out that, despite the company being called Tokyo Tatemono, you were also actively involved in suburban development as well.

Tanehashi: In part because of the pandemic, more and more people are keen to pursue a suburban lifestyle. We have to address those needs. Suburban residents tend to place higher priority on the living environment, such as the abundance of greenery and the ease of raising children, than on the convenience of being near the city center. So, we are exploring the kinds of properties we ought to offer based on these new needs.

Kinoshita: It seems to me that the work of a real estate developer has a very strong creative side. I think the extent to which employees can maintain a wide range of perspectives is what feeds into a high degree of creativity. Especially in recent years, the company has been involved in some development projects like Hareza Ikebukuro which have become immediate landmarks and made a big impact. I think projects like that are crucial to setting the company apart in the real estate business and giving Tokyo Tatemono a stronger market presence.

developer, it is essential to have a good sense of the needs of the people who actually use what we build, of course on the residential side but on the office building side as well. I see our external directors as being ideally placed to provide such valuable user perspectives.

Kinoshita: First I'd like to respond to the issue of having a long-term management perspective, especially with regard to the SDGs. I think what's important is to set clear goals and make the output visible. For example, I'm sure there are numerous environmental initiatives that we have taken for granted in Japan but that we could be proud of at a global level. But we haven't been able to quantify, demonstrate, and manage these initiatives as they do overseas.

On the other hand, it is also vital to keep in mind that the world is constantly moving forward and changing. When we look at other countries, we may actually be lagging behind in areas where we thought we were out in front. I think the burden is on Tokyo Tatemono to take full stock of the response measures it has taken so far so as to not get stuck in a rut. From there the company can turn to building on its distinctive strengths.

On the second issue of risks related to overseas business development, I see my role as being in conversation with various people, exchanging opinions and offering diverse perspectives to the Board. Also, I know there are a lot of things young employees can pick up when they actually go abroad. I definitely hope the company will provide employees with such opportunities and capitalize on their insights in future business activities.

Three key points in exercising oversight and advisory functions

- A long-term perspective
- Grasp of overseas trends
- User perspectives

"I'd like to see Tokyo Tatemono be a company that acknowledges people who take on new challenges. So I will encourage people who try new initiatives."

3 Social Trends to Keep an Eye on

Kinoshita: I think we should pay particular attention to the risk that technologies that didn't exist before will dramatically alter the market landscape. For example, some logistics centers are shifting to fully unmanned operation and the business format is totally different from what it used to be. Similar changes may occur in the real estate industry, too, and the form of real estate distribution may change significantly.

Tanehashi: You're absolutely right. For example, robots and sensors are already beginning to be introduced to take over building management operations such as cleaning and monitoring. In addition, with the emergence of autonomous driving technology, the movements and lifestyle patterns of people in cities will change. We need to address the needs of our customers while keeping close tabs on the way these changes are impacting the real estate field.

4 Toward Achieving the Long-Term Vision and Medium-Term Business Plan

Tanehashi: The Group has formulated two strategies looking forward over the longer term—our medium-term business plan and our long-term vision. We are working to achieve the goals set out in these statements, but that's not something that a single business area can accomplish on its own. For example, we can point to our logistics facility development business as an area that has recently demonstrated robust performance. But there's no guarantee that there will be stable demand in this area down the road. Under these circumstances, it is vital that we keep our finger on the pulse of market trends and continue to offer real estate that society demands.

Kinoshita: I was struck by the opening words of the long-term vision, which define "Becoming a Next-Generation Developer" as the direction Tokyo Tatemono wants to head in.

As stated in the long-term vision, solving a variety of social issues and reaching consolidated business profit of 120 billion yen are goals which are, in my opinion, unattainable without the free thinking and ingenuity of everyone on the management team and each and every employee. To cultivate that kind of environment, I'd like to see Tokyo Tatemono be a company that acknowledges the young people who aggressively take on new challenges. I hope to be in deep discussions with people throughout the company, including fellow Board members, and will encourage people who try new initiatives.



Management Structure

» Directors



Makio Tanehashi
Representative Director and
Chairman of the Board

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



Hitoshi Nomura
Representative Director, President
and Chief Executive Officer

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



Kengo Fukui
Representative Director,
Executive Vice President and
Executive Officer

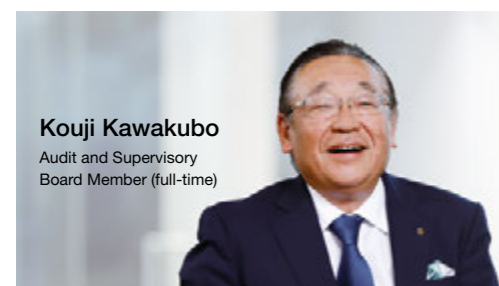
April 1982 Joined the Company
October 2002 General Manager of Fukuoka Branch of the Company
March 2011 Director and General Manager of Corporate Planning Department of the Company
March 2013 Managing Officer and General Manager of Leasing & Consulting Department of the Company
March 2015 Managing Executive Officer and Director; and Division Director of Commercial Properties Division responsible for Kansai Branch, Sapporo Branch, Kyushu Branch and Nagoya Branch of the Company
January 2019 Senior Managing Executive Officer and Director; and Division Director of Commercial Properties Division responsible for Kansai Branch, Sapporo Branch, Kyushu Branch and Nagoya Branch of the Company
January 2021 Representative Director, Executive Vice President and Executive Officer; Assistant to President; Division Director of Real Estate Solution Service Division responsible for Solution Service Department (joint responsibility); and General Manager of Business Planning Department of the Company; President & Chief Executive Officer of Tokyo Tatemono Real Estate Sales Co., Ltd. (to the present)
April 2021 Representative Director, Executive Vice President and Executive Officer; Assistant to President; Division Director of Real Estate Solution Service Division responsible for Solution Service Department (joint responsibility) (to the present)



Katsuhito Ozawa
Senior Managing Executive
Officer and Director

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

» Audit and Supervisory Board Member



Kouji Kawakubo
Audit and Supervisory
Board Member (full-time)

April 1980 Joined The Yasuda Trust and Banking Co., Ltd.
October 1999 General Manager of Consulting Department of The Yasuda Trust and Banking Co., Ltd.
April 2007 Executive Officer and General Manager of Corporate Business Planning Department of Mizuho Trust & Banking Co., Ltd.
April 2009 Managing Executive Officer and General Manager of Consulting Department of Mizuho Bank, Ltd.
March 2013 President and Representative Director of Mizuho Trust Realty Co., Ltd.
July 2015 President and Representative Director of Mizuho Realty Co., Ltd. (retired in March 2017)
March 2017 Audit and Supervisory Board Member (full-time) of the Company (to the present)



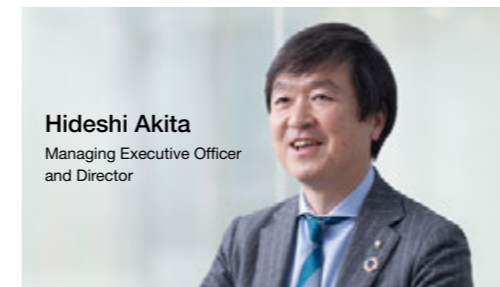
Akira Izumi
Senior Managing Executive
Officer and Director

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



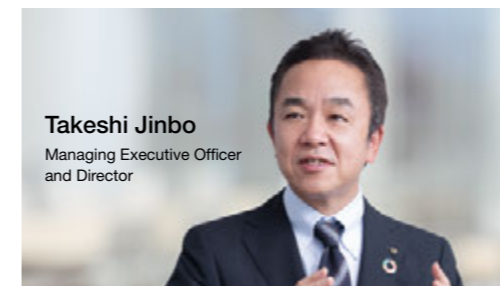
Hisatoshi Kato
Managing Executive Officer
and Director

April 1986 Joined the Company
March 2011 General Manager of Residential Management Department of the Company
September 2014 President and CEO of Tokyo Tatemono Senior Life Support Co., Ltd. (retired in December 2020)
January 2016 Managing Officer of the Company
January 2019 Managing Executive Officer and Division Director of Senior Business Division and Leisure Business Division of the Company
March 2019 Managing Executive Officer and Director; and Division Director of Senior Business Division and Leisure Business Division of the Company
April 2019 Managing Executive Officer and Director; Division Director of Senior Business Division and Leisure Business Division; and General Manager of Business Planning Department of Senior Business Division and Business Planning Department of Leisure Business Division of the Company
January 2020 Managing Executive Officer and Director; and Division Director of Senior Business Division and Leisure Business Division of the Company
January 2021 Managing Executive Officer and Director; and Division Director of Leisure, Child Care & Staffing Business Division of the Company (to the present) President & Chief Executive Officer of Tokyo Tatemono Resort Co., Ltd. (to the present)



Hideshi Akita
Managing Executive Officer
and Director

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



Takeshi Jinbo
Managing Executive Officer
and Director

April 1988 Joined the Company
January 2015 General Manager of Acquisitions Department of the Company
January 2018 Managing Officer and General Manager of Acquisitions Department of the Company
January 2019 Managing Officer; Vice Division Director of Residential Development Division; and General Manager of Acquisitions Department of the Company
January 2021 Managing Executive Officer; Vice Division Director of Residential Development Division responsible for Solution Service Department (joint responsibility); Acquisitions Department, and Project Development Department
March 2021 Managing Executive Officer and Director; Vice Division Director of Residential Development Division responsible for Solution Service Department (joint responsibility); Acquisitions Department, and Project Development Department (to the present)

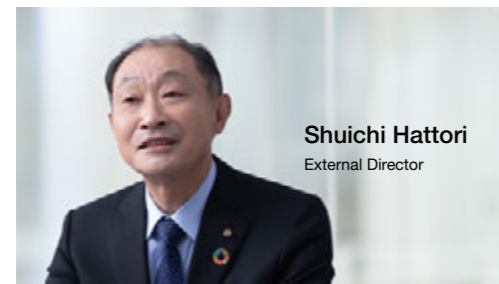


Takashi Yoshino
Audit and Supervisory
Board Member (full-time)

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

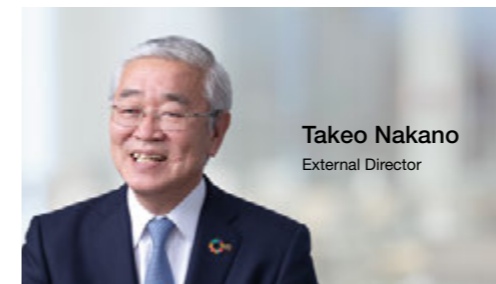
Management Structure

>> External Directors



Shuichi Hattori
External Director

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



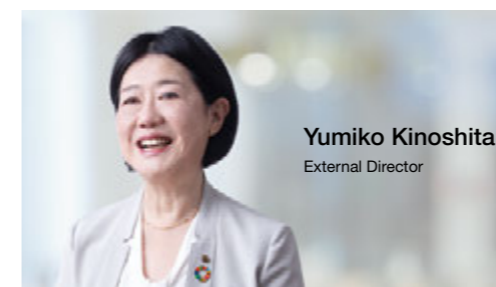
Takeo Nakano
External Director

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



Yoshimitsu Onji
External Director

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



Yumiko Kinoshita
External Director

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

>> External Audit & Supervisory Board Members



Takao Yamaguchi
Audit and Supervisory Board Member (Independent)

February 1985 Registered as a certified public accountant
 September 1987 Joined Yamaguchi Certified Public Accountant Office
 January 1996 Head of Yamaguchi Certified Public Accountant Office (to the present)
 June 2013 External Audit and Supervisory Board Member of SATO HOLDINGS CORPORATION (to the present)
 June 2015 Outside Corporate Auditor of KYORIN Holdings, Inc. (to the present)
 March 2016 External Audit and Supervisory Board Member of the Company (to the present)
 March 2019 External Audit & Supervisory Board Member of Lion Corporation (to the present)



Sayaka Hieda
Audit and Supervisory Board Member (Independent)

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

>> Executive Officers

Position	Name	Areas of responsibility and important concurrent positions
President and Chief Executive Officer	Hitoshi Nomura	
Executive Vice President and Executive Officer	Kengo Fukui	Assistant to President Division Director of Real Estate Solution Service Division responsible for Solution Service Department (joint responsibility) President and Chief Executive Officer of Tokyo Tatemono Real Estate Sales Co., Ltd.
Senior Managing Executive Officer	Katsuhito Ozawa	Division Director of Commercial Properties Division responsible for Acquisitions & Sales Department (joint responsibility), Kansai Branch, Kyushu Branch, and Nagoya Branch
	Akira Izumi	Responsible for Corporate Communications Department, Personnel Department, Corporate Planning Department, General Affairs Department, Finance Department, Accounting Department, Market Research Department, ICT and Digital Strategy Promotion Department, and Acquisitions & Sales Department (joint responsibility)
Managing Executive Officer	Hisayoshi Kato	
	Hisatoshi Kato	Division Director of Leisure, Child Care & Staffing Business Division President & Chief Executive Officer of Tokyo Tatemono Resort Co., Ltd. (to the present)
	Hideshi Akita	Division Director of Residential Division
	Takeshi Jinbo	Vice Division Director of Residential Development Division responsible for Solution Service Department (joint responsibility), Acquisitions Department, and Project Development Department

Position	Name	Areas of responsibility and important concurrent positions
Managing Officers	Satoshi Eida	President & Chief Executive Officer and Representative Director of Tokyo Tatemono Amenity Support Co., Ltd.
	Shinjiro Kobayashi	General Manager of Urban Development Department
	Nobuyoshi Takahashi	General Manager of Kansai Branch and General Manager of Project Management (Kansai) Department
	Masayuki Okubo	General Manager of Business Planning Department of Residential Development Division
	Kazuki Sugise	President & Chief Executive Officer and Representative Director of Prime Place Co., Ltd.
	Yusuke Mishima	General Manager of Accounting Department
	Katsuhiko Tamai	President and Representative Director of Nihon Parking Corporation
	Hiroshi Takahashi	Responsible for Logistics Properties Development & Management Department; General Manager of Retail Properties Development & Management Department and Hotel Development & Management Department
	Fumio Tajima	Division Director of International Business Division

Risk Management

» Policy and Concept

The Group strives to manage risks that affect the Group's business to achieve stable improvement in corporate value. We have established risk management regulations and created a risk management system, by means of which we monitor and control risks constantly to ensure consistent risk management. In developing our risk management system, we referenced ISO31000 (international standard for risk management) and JIS Q 31010 (Japanese standard for risk management).

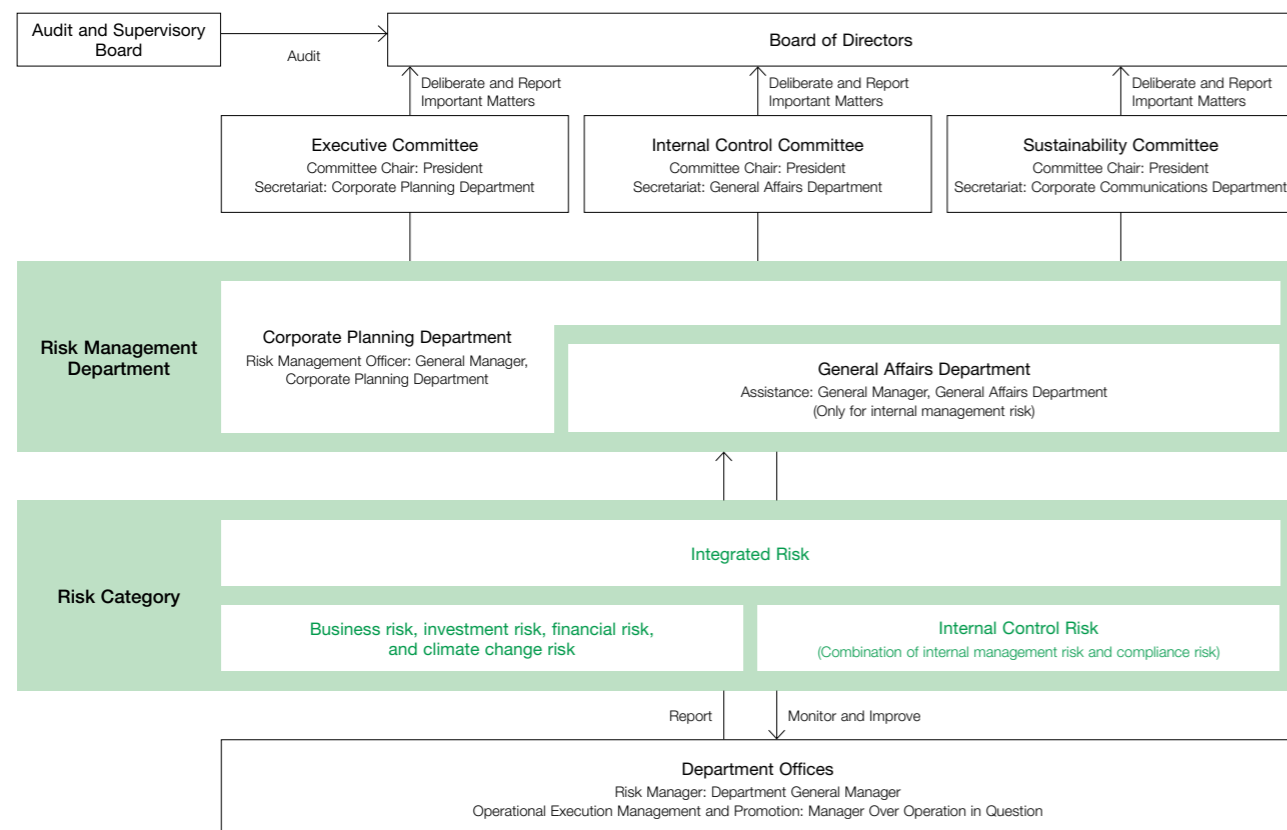
» Risk Management System

We have identified and classified risks that may have a significant impact on the Tokyo Tatemono Group business: business risk, investment risk, financial risk, climate change risk, and internal control risk.

Of these, integrated risk, particularly that involving business risk or investment risk, is managed by the Corporate Planning Department, which is the department in charge of risk management. Internal control risk (internal management risk and compliance risk) and climate change risk are discussed and reviewed by the Internal Control Committee and Sustainability Committee, which are chaired by the President, and measures are enacted accordingly. The Executive Committee considers policies related to general business risk.

Important matters related to these risks are reported to the Board of Directors as necessary. The Audit and Supervisory Board is responsible for conducting audits related to these risks. We engage in detailed risk management through a series of processes that include monitoring and improving the status of risk management operations.

Risk Management Structure



Compliance

» Compliance Promotion

The Group defines compliance as complying not only with laws and regulations, but also with social norms and corporate ethics. This approach builds a long-lasting relationship of trust with society and allows us to continue sound corporate activities. In June 2009, the Group established a shared Compliance Charter for group companies. This charter is our pledge to society to promote corporate activities that are committed to unwavering compliance.

The Group established an Internal Control Committee as part of our system to promote compliance. This committee discusses internal management risks, including group compliance, fraud, and anti-corruption, overseeing group compliance activities. The Tokyo Tatemono General Affairs Department coordinates with Group companies, aiming to improve compliance functions across the Group.

» Compliance Training

Every year, the Group conducts training via e-learning. During 2020, approximately 3,900 managers and employees across 15 companies completed training or refreshed their knowledge in various areas. Training topics included general compliance (including anti-corruption), harassment prevention, information management (including prevention of insider trading), and matters related to the Building Lots and Buildings Transaction Business Law and the Act on Prevention of Transfer of Criminal Proceeds (prevention of money laundering, etc.). The participation rate was 98.1%. In addition, we conducted job level-specific training, including anti-harassment training, training for directors and department heads, and training for newly appointed leaders.

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

■ Tokyo Tatemono Group Compliance Charter

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

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

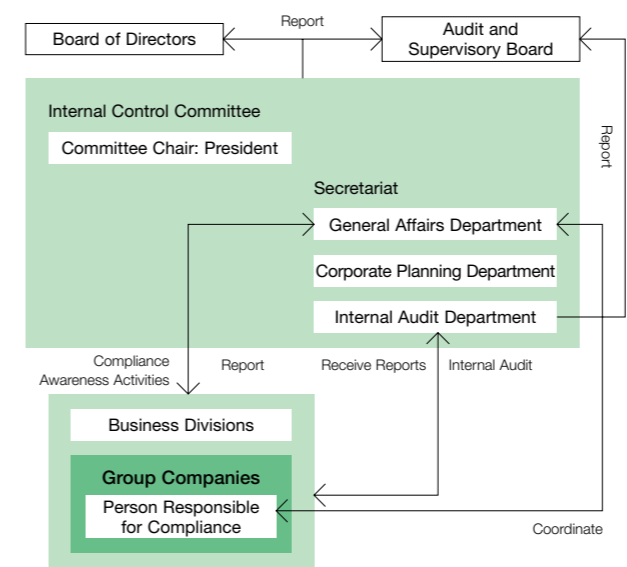
Established June 2009

» Helpline

The Group established the Tokyo Tatemono Group Helpline, a shared group resource. Using the Helpline, employees can report to and seek consultation with an external contact for matters such as harassment, to prevent legal issues or fraud, or to take early action in addressing such matters. All employees throughout the Group are entitled to use the helpline. The privacy of anyone who uses the helpline is protected.

The reports and consultations received through this system are reported to the Tokyo Tatemono Internal Audit Department (an organization that reports directly to the president). Depending on the case, the investigation and fact-checking is conducted by the Internal Audit Department, by the reporting desk at each Group company, or by the harassment response desk of each company. As a result of the investigations, we take appropriate measures to address actions that constitute compliance violations, such as promptly taking corrective measures and measures to prevent recurrence. The Internal Control Committee convenes to consider responses to the most serious cases. In the spirit of the Whistleblower Protection Act, we take appropriate measures to ensure the protection of whistleblowers.

Compliance Promotion Structure



Key Financial and Non-Financial Data

Financial Data

	Unit	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020
Operating Results												
Operating revenue	Million yen	198,274	166,943	194,161	220,026	237,049	260,012	254,498	266,983	273,302	323,036	334,980
Operating profit (loss)	Million yen	24,055	(678)	30,892	29,361	30,559	34,439	36,363	44,757	46,765	52,410	49,631
Business profit*1	Million yen	—	—	—	—	—	35,281	38,206	46,440	47,174	51,668	49,847
Ordinary profit (loss)	Million yen	13,687	(10,875)	21,741	21,959	17,317	24,796	30,635	39,416	42,036	44,611	47,072
Profit (loss) attributable to owners of parent	Million yen	6,316	(71,774)	10,243	10,121	82,944	16,359	19,742	22,599	27,277	29,796	31,795
Financial Position												
Total assets	Million yen	927,925	898,017	895,296	938,161	1,319,465	1,297,112	1,314,558	1,441,050	1,450,091*2	1,564,049	1,624,640
Net assets	Million yen	262,597	192,101	212,491	262,276	305,808	312,530	325,593	353,419	356,578	384,211	399,129
Interest-bearing debt	Million yen	460,835	513,616	479,746	434,763	748,273	707,356	727,302	814,032	857,117	924,891	976,896
Cash Flow												
Cash flows from operating activities	Million yen	59,730	8,053	57,332	22,135	(4,790)	21,762	38,783	(14,196)	19,748	24,096	43,524
Cash flows from investing activities	Million yen	(1,464)	(37,164)	(15,385)	37,083	257,798	(21,250)	(53,024)	(64,508)	(63,577)	(64,082)	(66,724)
Cash flows from financing activities	Million yen	(53,122)	41,116	(35,855)	(47,119)	(277,787)	(40,177)	9,005	77,998	34,438	48,000	38,307
Net increase (decrease) in cash and cash equivalents	Million yen	4,828	11,982	6,586	12,804	(24,744)	(39,689)	(5,164)	(825)	(9,513)	7,794	15,148
Cash and cash equivalents at beginning of period	Million yen	20,906	32,889	39,466	52,271	86,907	47,217	42,053	41,227	31,702	39,497	54,645
Financial Indicators												
ROE	%	2.5	(32.5)	5.3	4.4	33.2	5.6	6.4	6.8	7.9	8.2	8.3
ROA	%	2.6	0.0	3.5	3.3	2.3	2.7*3	2.9*3	3.4*3	3.3*3	3.4*3	3.1*3
Equity ratio	%	27.6	20.6	22.9	26.7	21.7	23.2	24.2	23.9	24.0	24.0	24.0
Debt-equity ratio	Times	1.8	2.8	2.3	1.7	2.6	2.3	2.3	2.4	2.5	2.5	2.5
Interest-bearing debt/EBITDA multiple	Times	13.8	53.6	11.6	10.9	15.9	13.4	13.0	12.5	12.7	12.6	13.4
Stock price information												
Profit (loss) per share	Yen	14.67	(166.67)	23.79	23.55	193.12	75.91*4	91.00	104.17	125.79	141.59	152.12
Net assets per share	Yen	594.74	429.46	476.23	583.11	665.51	1,390.07*4	1,465.30	1,589.98	1,605.70	1,794.15	1,862.81
Annual dividend per share	Yen	8	0	5	5	6	20*4	26	30	35	41	46
Payout ratio	%	54.5	—	21.0	21.2	3.1	26.3	28.6	28.8	27.8	29.0	30.2

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

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

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

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

Non-Financial Data (Social)

(Tokyo Tatemono, Non-Consolidated)	Unit	2016	2017	2018	2019	2020
Full-time (FT) Employees	Persons	584	687	719	749	772
Ratio of FT Women Employees	%	21.1	21.1	23.8	24.8	25.5
Managers	Persons	295	339	350	360	367
Ratio of Management Positions Held by Women	%	2.7	3.2	4.6	5.0	6.0
New Hires	Persons	14	19	22	21*1	20
Ratio of Women among New Hires	%	28.6	21.1	36.4	33.3	25.0
Ratio of Employees with Disabilities*2	%	1.88	1.98*	1.87*	1.81*	1.75*
Voluntary Turnover Rate	%	1.4	1.4	2.6*	2.1*	2.2*
Average annual training hours	Time	—	—	12.0	14.4	12.2
Ratio of employees who underwent a health check-up*3	%	100	100*	100*	100*	100*
Average Number of Paid Leave Days Taken*4	Days	8.7	8.8*	9.9*	10.6*	9.3*
Percentage of Paid Leave Taken	%	—	—	—	57.7*	51.2*
Percentage of Childcare Leave Taken (Men)	%	0.0	3.6	41.2	28.6	18.2
Number of Lost Time Injuries*3, *5	Incidents	1	0*	1*	0*	0*
Total Days Lost Due to Absence*6	Days	47	81*	137*	122*	7*
Ratio of Absenteeism	%	—	—	—	0.06*	0*

*1 Following an examination of past figures, some figures for 2019 have been revised.

*2 As of June in each year

*3 April through March of the following year

*4 Other leave systems such as summer leave and national holidays are also provided (days under these systems are not included in the above figures). April through March of the following year (beginning in 2018)

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

*6 April through March of the following year (beginning in 2018)

(*) have been guaranteed by a third party

Non-Financial Data (Environmental)*1

(Tokyo Tatemono, Non-Consolidated)	Unit	2016	2017	2018	2019	2020
Energy Consumption (Crude Oil Equivalent)	Kl	21,592	22,083*	23,895*	24,165*	23,497*
Unit Load	Kl/thousand m ²	35.4	34.2	35.0	34.0	28.6
CO ₂ Emissions	t-CO ₂	44,629	42,147*	44,559*	1,100,693*2	1,288,946*2
Scope 1 (Fuel-Derived)	t-CO ₂	2,553	2,402*	3,300*	15,050*2	11,981*2
Scope 2	t-CO ₂	42,076	39,745*	41,259*	115,897*2	104,736*2
Scope 3	t-CO ₂	—	—	—	969,745*2	1,172,229*2
Water Usage (Potable Water)	Thousand m ³	579	584*	654*	622*	467*
Unit Load	m ³ /m ²	0.9	0.9	1.0	0.9	0.6
Total Waste Emissions	t	4,914	5,173*	4,945*	5,151*	3,769*
Unit Load	t/thousand m ²	8.6	8.6	8.3	8.5	5.5
Recyclable Waste Emissions	t	—	3,395	3,202*	3,280*	2,424*

*1 April through March of the following year

*2 From 2019, the scope of aggregation is changed to the Tokyo Tatemono Group

Non-Financial Data (Governance)

(Tokyo Tatemono, Non-Consolidated)	Unit	2016	2017	2018	2019	2020
Number of Reports and Consultations to the Helpline	Incidents	16	44	59	56	41
Number of incidents related to bribery	Incidents	0	0	0	0	0
Number of incidents related to antitrust or anti-competitive behavior	Incidents	0	0	0	0	0
Number of incidents related to other compliance violations	Incidents	0	0	0	0	0

* See p. 54 for data related to our board of directors

Financial Statements

Consolidated Balance Sheet

(Million yen)

Assets	FY2018*	FY2019	FY2020
Current assets			
Cash and deposits	31,716	39,504	54,647
Trade notes and accounts receivable	11,876	13,179	13,730
Real estate for sale	104,221	151,004	164,578
Real estate for sale in process	101,059	98,216	112,485
Real estate for development	78,157	88,104	71,508
Other	26,369	34,635	30,857
Allowance for doubtful accounts	(43)	(45)	(49)
Total current assets	353,358	424,600	447,757
Non-current assets			
Property, plant and equipment			
Buildings and structures	362,482	361,679	372,585
Accumulated depreciation	(137,216)	(147,366)	(147,740)
Buildings and structures, net	225,265	214,312	224,844
Land	527,272	550,565	530,963
Construction in progress	8,479	13,928	39,042
Other	28,284	28,042	28,995
Accumulated depreciation	(16,501)	(17,219)	(17,563)
Other, net	11,782	10,822	11,431
Total property, plant and equipment	772,800	789,628	806,281
Intangible assets			
Leasehold interests in land	106,083	110,745	128,991
Goodwill	3,136	1,192	546
Other	1,196	1,137	1,013
Total intangible assets	110,416	113,076	130,552
Investments and other assets			
Investment securities	127,788	155,858	139,308
Investments in silent partnerships	4,904	4,469	8,829
Long-term loans receivable	7	6	8
Deferred tax assets	1,855	1,900	2,278
Leasehold and guarantee deposits	21,232	21,754	21,594
Retirement benefit asset	858	1,819	1,217
Other	56,966	51,033	66,906
Allowance for doubtful accounts	(98)	(97)	(94)
Total investments and other assets	213,515	236,745	240,049
Total non-current assets	1,096,732	1,139,449	1,176,882
Total assets	1,450,091	1,564,049	1,624,640

(Million yen)

Liabilities	FY2018*	FY2019	FY2020
Current liabilities			
Short-term borrowings	65,925	226,119	68,314
Commercial papers	33,000	85,000	55,000
Current portion of bonds payable	15,000	15,000	20,000
Accounts payable - other	11,193	11,482	9,784
Income taxes payable	5,835	8,321	10,203
Provision for warranties for completed construction	10	9	11
Provision for bonuses	929	903	944
Provision for bonuses for directors (and other officers)	43	24	24
Provision for environmental measures	—	3	1
Provision for loss on liquidation of subsidiaries and associates	—	280	275
Deposits received under real estate specified joint enterprise law	8,042	8,991	5,083
Other	45,944	53,107	50,228
Total current liabilities	185,924	409,242	219,869
Non-current liabilities			
Bonds payable	145,000	210,000	205,000
Long-term borrowings	594,449	385,932	625,944
Deferred tax liabilities	20,299	26,650	20,351
Deferred tax liabilities for land revaluation	27,277	27,187	23,666
Provision for share-based remuneration for directors (and other officers)	53	88	139
Provision for retirement benefits for directors (and other officers)	169	192	76
Provision for environmental measures	30	26	26
Leasehold and guarantee deposits received	75,245	77,062	78,975
Retirement benefit liability	11,477	12,099	12,634
Deposits received under real estate specified joint enterprise law	18,600	15,091	15,800
Other	14,985	16,263	23,026
Total non-current liabilities	907,588	770,595	1,005,640
Total liabilities	1,093,512	1,179,837	1,225,510
Net assets			
Shareholders' equity			
Share capital	92,451	92,451	92,451
Capital surplus	66,722	66,744	66,587
Retained earnings	107,468	129,170	141,422
Treasury shares	(237)	(10,232)	(219)
Total shareholders' equity	266,404	278,133	300,242
Accumulated other comprehensive income			
Valuation difference on available-for-sale securities	49,859	65,002	54,928
Deferred gains or losses on hedges	—	—	(42)
Revaluation reserve for land	30,932	31,022	34,965
Foreign currency translation adjustment	872	248	(850)
Remeasurements of defined benefit plans	61	600	120
Total accumulated other comprehensive income	81,726	96,874	89,122
Non-controlling interests	8,447	9,203	9,765
Total net assets	356,578	384,211	399,129
Total liabilities and net assets	1,450,091	1,564,049	1,624,640

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

Financial Statements

Consolidated Statement of Income and Consolidated Statement of Comprehensive Income

(Million yen)

Consolidated statement of income	FY2018*	FY2019	FY2020
Operating revenue	273,302	323,036	334,980
Operating costs	192,134	233,342	251,954
Operating gross profit	81,168	89,694	83,025
Selling, general and administrative expenses	34,402	37,283	33,393
Operating profit	46,765	52,410	49,631
Non-operating income			
Interest income	8	35	18
Dividend income	2,411	2,848	3,302
Share of profit of entities accounted for using equity method	408	—	215
Gain on investments in investment partnerships	—	5	1,386
Subsidy income	430	319	407
Other	333	329	360
Total non-operating income	3,593	3,537	5,691
Non-operating expenses			
Interest expenses	6,020	6,970	6,725
Borrowing fee	1,156	1,159	998
Share of loss of entities accounted for using equity method	—	742	—
Bond issuance costs	206	728	197
Dividends paid on real estate specified joint enterprise law	351	213	116
Loss on investments in investment partnerships	47	1,207	10
Other	538	313	202
Total non-operating expenses	8,321	11,335	8,250
Ordinary profit	42,036	44,611	47,072
Extraordinary income			
Gain on sales of non-current assets	54	75	628
Gain on sales of investment securities	28	1,858	1,911
Gain on sales of shares of subsidiaries and associates	—	—	2,014
Gain on sales of investments in capital of subsidiaries and associates	637	288	—
Gain on liquidation of subsidiaries and associates	—	710	5
Reversal of provision for loss on liquidation of subsidiaries and associates	—	—	5
Compensation income	—	—	165
Total extraordinary income	720	2,932	4,730
Extraordinary losses			
Loss on sales of non-current assets	0	0	23
Loss on retirement of non-current assets	159	262	263
Impairment loss	2,495	1,350	899
Loss on sales of investment securities	—	—	128
Loss on sales of investments in capital of subsidiaries and associates	—	321	—
Loss on valuation of investment securities	—	—	2,013
Provision for loss on liquidation of subsidiaries and associates	—	280	—
Loss on redemption of bonds	—	—	814
Loss on COVID-19	—	—	736
Total extraordinary losses	2,655	2,215	4,879
Profit before income taxes	40,101	45,329	46,923
Income taxes - current	13,266	15,244	16,639
Income taxes - deferred	(1,321)	(739)	(2,556)
Total income taxes	11,945	14,504	14,083
Profit	28,155	30,824	32,839
Profit attributable to non-controlling interests	878	1,027	1,044
Profit attributable to owners of parent	27,277	29,796	31,795

(Million yen)

Consolidated statement of comprehensive income	FY2018*	FY2019	FY2020
Profit	28,155	30,824	32,839
Other comprehensive income			
Valuation difference on available-for-sale securities	(12,987)	15,573	(10,338)
Revaluation reserve for land	—	90	3,611
Foreign currency translation adjustment	(256)	(174)	(19)
Remeasurements of defined benefit plans, net of tax	(602)	538	(479)
Share of other comprehensive income of entities accounted for using equity method	(3,401)	(449)	(1,122)
Total other comprehensive income	(17,248)	15,578	(8,349)
Comprehensive income	10,907	46,402	24,490
Comprehensive income attributable to			
Comprehensive income attributable to owners of parent	10,366	44,945	23,711
Comprehensive income attributable to non-controlling interests	540	1,456	779

Consolidated Statement of Cash Flows

(Million yen)

	FY2018*	FY2019	FY2020
Cash flows from operating activities			
Profit before income taxes	40,101	45,329	46,923
Depreciation	16,448	17,277	18,971
Impairment loss	2,495	1,350	899
Amortization of goodwill	1,709	1,647	645
Share of loss (profit) of entities accounted for using equity method	(408)	742	(215)
Increase (decrease) in allowance for doubtful accounts	13	1	1
Increase (decrease) in provision for bonuses	151	(34)	83
Increase (decrease) in provision for bonuses for directors (and other officers)	(1)	(18)	(0)
Increase (decrease) in provision for share-based remuneration for directors (and other officers)	53	35	50
Increase (decrease) in provision for retirement benefits for directors (and other officers)	(54)	(49)	(115)
Increase (decrease) in provision for environmental measures	(233)	(0)	(1)
Increase (decrease) in provision for loss on liquidation of subsidiaries and associates	—	280	(5)
Increase (decrease) in retirement benefit liability	305	437	454
Interest and dividend income	(2,420)	(2,883)	(3,321)
Interest expenses	6,020	6,970	6,725
Loss (gain) on investments in investment partnerships	47	1,201	(1,376)
Loss (gain) on valuation of investment securities	—	—	2,013
Loss (gain) on sales of investment securities	(28)	(1,858)	(1,783)
Loss (gain) on sales of shares of subsidiaries and associates	—	—	(2,014)
Loss on redemption of bonds	—	—	814
Loss (gain) on sales of investments in capital of subsidiaries and associates	(637)	32	—
Loss (gain) on liquidation of subsidiaries and associates	—	(710)	(5)
Loss (gain) on sales and retirement of non-current assets	105	187	(340)
Decrease (increase) in trade receivables	(1,104)	(1,278)	(784)
Decrease (increase) in inventories	(23,273)	(34,533)	(10,925)
Increase (decrease) in leasehold and guarantee deposits received	1,155	2,644	2,243
Increase (decrease) in trade payables	1,381	291	(296)
Decrease (increase) in leasehold and guarantee deposits	132	(485)	(366)
Increase (decrease) in deposits received	(5,936)	7,226	(5,086)
Compensation income	—	—	5,493
Other, net	772	(3,125)	2,802
Subtotal	36,794	40,680	61,482
Interest and dividends received	4,004	2,883	4,860
Interest paid	(6,013)	(6,616)	(7,175)
Income taxes (paid) refund	(15,038)	(12,850)	(15,642)
Net cash provided by (used in) operating activities	19,748	24,096	43,524

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

Financial Statements

Consolidated Statement of Cash Flows

(Million yen)

	FY2018*	FY2019	FY2020
Cash flows from investing activities			
Proceeds from sales and redemption of investment securities	8,186	2,556	4,455
Purchase of investment securities	(11,625)	(7,911)	(4,158)
Purchase of shares of subsidiaries resulting in change in scope of consolidation	—	(27)	—
Proceeds from sales of shares of subsidiaries resulting in change in scope of consolidation	—	—	1,542
Purchase of investments in capital of subsidiaries and associates	(6,235)	(4,223)	(5,186)
Proceeds from redemption of investments in capital of subsidiaries and associates	—	3,884	63
Proceeds from sales of investments in capital of subsidiaries and associates	3,079	4,078	—
Payments for investments in silent partnerships	(767)	(810)	(4,647)
Proceeds from withdrawal of investments in silent partnerships	2,112	1,244	288
Proceeds from sales of non-current assets	1,350	4,518	3,907
Purchase of non-current assets	(40,798)	(64,726)	(58,184)
Decrease (increase) in deposits received under real estate specified joint enterprise law	(22,071)	(2,560)	(3,199)
Other, net	3,191	(105)	(1,604)
Net cash provided by (used in) investing activities	(63,577)	(64,082)	(66,724)
Cash flows from financing activities			
Net increase (decrease) in short-term borrowings	(76)	0	(0)
Increase (decrease) in commercial papers	18,000	52,000	(30,000)
Proceeds from long-term borrowings	62,750	17,500	310,700
Repayments of long-term borrowings	(51,868)	(65,822)	(228,492)
Payments for long-term accounts payable - other	(903)	(902)	(202)
Proceeds from issuance of bonds	35,000	80,000	40,000
Redemption of bonds	(20,000)	(15,000)	(40,000)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	—	(113)	(458)
Proceeds from sales of treasury shares	0	1	0
Purchase of treasury shares	(205)	(10,004)	(2)
Dividends paid	(6,935)	(8,085)	(9,194)
Dividends paid to non-controlling interests	(577)	(591)	(672)
Proceeds from share issuance to non-controlling shareholders	—	—	770
Other, net	(744)	(979)	(4,139)
Net cash provided by (used in) financing activities	34,438	48,000	38,307
Effect of exchange rate change on cash and cash equivalents	(122)	(220)	41
Net increase (decrease) in cash and cash equivalents	(9,513)	7,794	15,148
Cash and cash equivalents at beginning of period	41,227	31,702	39,497
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	(10)	—	—
Cash and cash equivalents at end of period	31,702	39,497	54,645

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

Corporate Data

Company Name	Tokyo Tatemono Co., Ltd.
Established	October 1, 1896
Capital	92.4 billion yen (As of December 31, 2020)
Representative	Hitoshi Nomura, President and Chief Executive Officer
Number of Consolidated Employees	5,344 (As of December 31, 2020)
Head Office	Tokyo Tatemono Yaesu Building 1-4-16 Yaesu, Chuo-ku, Tokyo 103-8285 Phone: 03-3274-0111 (Representative)
Stock Listing	First Section of the Tokyo Stock Exchange
Listing Date	September 1907
Securities Code	8804
Trading Unit	100 shares
Number of Shares Authorized	400,000,000 shares
Number of Shares Issued and Outstanding	209,167,674 shares (As of December 31, 2020)

Group Companies

Commercial Properties Business

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

Residential Business

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

Asset Service Business

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

Other Businesses

Overseas business

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

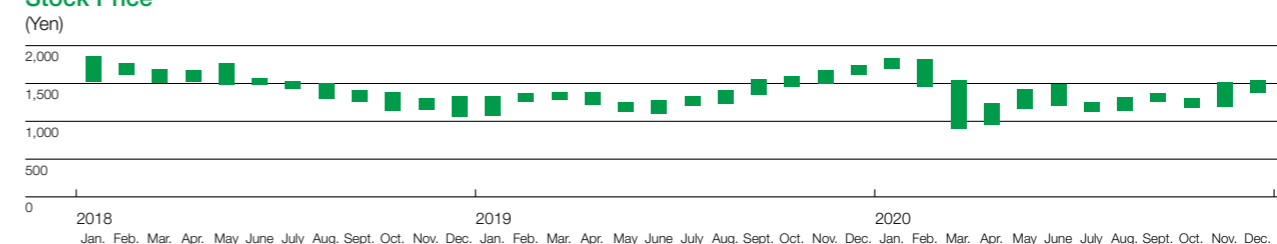
Fund Business

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

Leisure and Child Care Business

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

Stock Price



Please refer to the following for more information.

Financial Information

Investor Relations

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



Non-Financial Data

Sustainability

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



IR Library

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



Sustainability Report 2021

https://tatemono.com/csr/english/reports/pdf/2021csrall_e.pdf





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