Disclosure Based on TCFD Recommendations

Governance

To consistently pursue sustainability measures, including responses to climate change, across the entire Group, Tokyo Tatemono established the Sustainability Committee, chaired by our president. The Sustainability Promotion Committee, comprising various corporate departments and business divisions, was also established under the Sustainability Committee.

The Sustainability Committee, like the Executive Committee, Risk Management Committee and Internal Control Committee, is under the direct control of the president. It meets, in principle, at least twice a year to deliberate and report matters related to the formulation of policies for sustainability initiatives promoted by the Group, the development of organizational structure, the setting of indicators and targets, the monitoring of progress, and the disclosure of information. With regard to climate change, the Group's Sustainability Committee deliberates and reports important matters, such as the identification of related risks and opportunities, the setting of targets related to the promotion of a decarbonized society, including the reduction of greenhouse gas (GHG) emissions, and specific measures for reaching such goals.

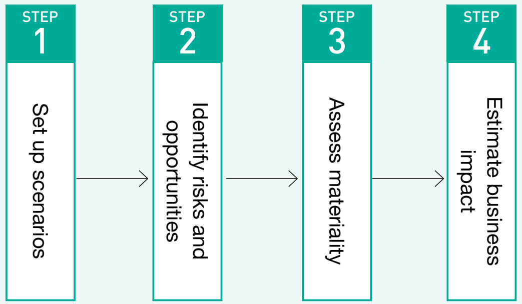
The Sustainability Promotion Committee facilitates the sharing of matters deliberated and reported by the Sustainability Committee, conducts preliminary discussions, and reports on the progress of sustainability initiatives promoted by the Group.

Important matters deliberated and reported by the Sustainability Committee are submitted to or reported to the Board of Directors. The Board supervises the promotion of these initiatives by making decisions on important matters related to sustainability initiatives promoted by the Group and monitoring the status of response measures.

Strategy (scenario analysis)

Tokyo Tatemono uses scenario analysis to identify climate change risks and opportunities and to evaluate their importance and impact on the Group's financial interests.

Risk Analysis Review Process



STEP 1 Setting Up Scenarios

For our scenario analysis, we set up future worlds (scenarios).

Drawing from scenarios published by the Intergovernmental Panel on Climate Change (IPCC*1) and the International Energy Agency (IEA*2), we based our analysis on the following scenarios: a 4°C scenario as the current trajectory, in which the average temperature rises by 4°C or more above pre-industrial levels by 2100; a 2°C scenario as a transition scenario, which limits the increase to below 2°C; and a 1.5°C scenario, which further limits the temperature rise to 1.5°C.

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

The Scenarios Used in the Analysis

Scenarios	Scenario analysis	Reference scenario
4°C scenario	A scenario in which the average temperature rises by about 4°C compared to pre-industrial levels as a result of failure to introduce stricter government policies and strengthen regulations, such as regulations to curb GHG emissions, and of failure by businesses and other entities to take effective action in response to climate change. Acute effects include more frequent extreme weather events and more intense heavy rainfall, while chronic effects include rising sea levels.	IPCC SSP5-8.5 (RCP 8.5) IEA STEPS
1.5°C/2°C scenario	A scenario in which the average temperature rise compared to pre-industrial levels is kept below 1.5°C or 2°C by improving low-carbon technologies, expanding renewable energy, and promoting energy conservation. In this scenario, companies and other entities are strongly required to respond to climate change by introducing carbon taxes and strengthening policies to regulate emissions in order to curb GHG emissions.	IPCC SSP1-1.9 (RCP 2.6) IEA NZE IEA SDS

Disclosure Based on TCFD Recommendations

STEP 2 STEP 3 Identifying Risks and Opportunities / Assessing Materiality

Focusing on the Group's core businesses, the Commercial Properties Business and Residential Business, we identified the main climate change risks and opportunities and assessed their materiality in terms of their expected degree of impact on the Group's finances and likelihood of occurrence. The period of impact was categorized into short-term (1-5 years), medium-term (5-10 years), and long-term (>10 years).

Materiality of Identified Risks and Opportunities Concerning Climate Change

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

Disclosure Based on TCFD Recommendations

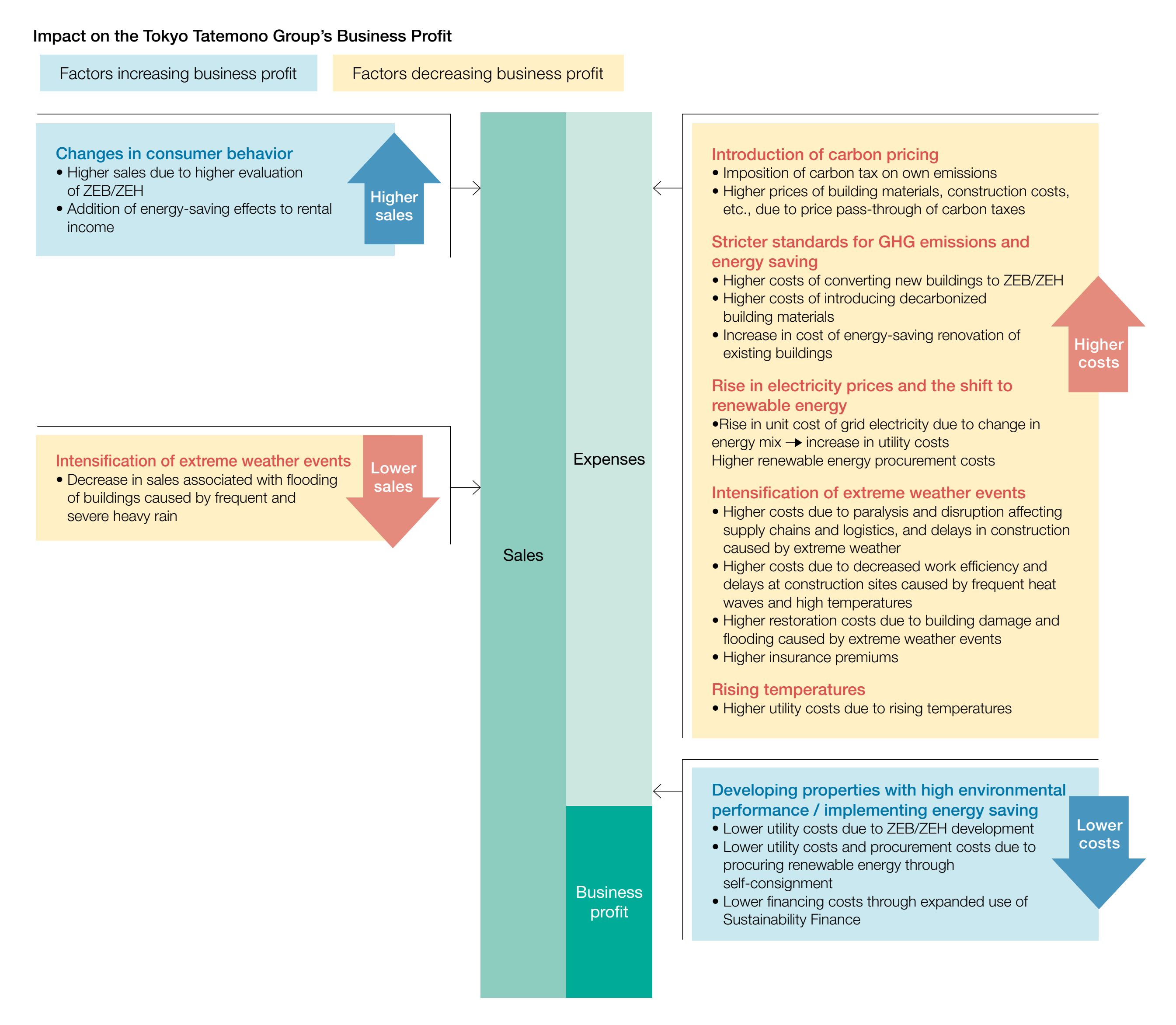
STEP 4 Estimating Business Impact

We quantitatively assess the financial impacts of identified climate change risks and opportunities on the Group in fiscal 2030. When quantitative prediction and analysis are not feasible for certain risks and opportunities, we conduct a qualitative analysis.

Countermeasures

Tokyo Tatemono has identified “Promoting a Decarbonized Society” as one of the Group’s material issues and is working to address this challenge through its business activities by setting medium- to long-term targets related to the reduction of GHG emissions, including reducing Scope 1 and 2 CO_2 emissions by 46.2%*1 from fiscal 2019 levels by fiscal 2030, and reducing Scope 3*2 emissions by 40% over the same period. The Group also aims to achieve net-zero CO_2 emissions for Scope 1, 2, and 3 by fiscal 2050. In addition, to help achieve these targets, we have established and are actively pursuing process goals, including the promotion of development of ZEB and ZEH, the shift to renewable energy, and the acquisition of green building certification. For more information, see Initiatives to Achieve Initiatives to Achieve GHG Emission Reductions (p. 32). At the same time, we are also focusing efforts on the development of resilient real estate and communities designed to withstand natural disasters such as wind and flood damage, which are occurring more frequently due to climate change. Specific countermeasures are described under Developing Real Estate that Is Resilient to Natural Disasters (p. 38) and Preparedness for Natural Disasters (p. 40).

*1 The level required to limit the rise in global average temperature to 1.5°C compared to pre-industrial levels.
*2 Applies to Categories 11 and 13.



Disclosure Based on TCFD Recommendations

Risk Management

To centrally manage risk throughout the Group, Tokyo Tatemono established its Risk Management Committee chaired by the President. At the Risk Management Committee, we formulate annual risk management plans, evaluate and analyze material management risks (priority risks), formulate preventive measures and countermeasures, and periodically monitor the status of countermeasures. In addition, we have established a unified risk management structure consisting of the general managers of each department as the Risk Management Officer responsible for managing risk (department management risks) within their respective departments, and the President as the Chief Risk Management Officer, who centrally oversees company-wide risk.

Furthermore, by adopting the principles of the Three Lines Model, we aim to maintain and enhance the effectiveness of our risk management efforts. Details of the risk management framework are provided in Risk Management (p. 95).

Sustainability-related risks are managed by the Sustainability Committee in coordination with relevant departments, and important matters regarding implementation status are reported to the Risk Management Committee. Important matters deliberated by the Risk Management Committee, such as the risk management structure, policies, and annual plans, among other matters, as well as the status of risk management efforts, are submitted to or reported to the Board of Directors. The Board supervises the effectiveness of the Group's overall risk management, including sustainability-related risks.

Indicators and Targets

Tokyo Tatemono Group has established KPIs and targets related to Promoting a Decarbonized Society, one of its identified material issues, and is working on various initiatives while quantitatively monitoring progress each fiscal year.

Category	Scope of coverage	KPIs and targets	
Reduction in greenhouse gas emissions	All businesses*1	Scope 1, 2, 3	Net zero CO_2 emissions by FY2050
		Scope 1, 2	46.2% reduction in CO_2 emissions compared to FY2019 levels by FY2030
		Scope 3*2	40% reduction in CO_2 emissions compared to FY2019 levels by FY2030
Promotion of development of ZEB and ZEH*3	Commercial Properties Business	Develop ZEB for, in principle, all new office buildings and logistics properties	
	Residential Business	Develop ZEH for, in principle, all new condominiums for sale or rent*5	
Shift to renewable energy	All businesses*1	Procure 100% of electricity consumed in business activities from renewable energy sources by FY2050	
	Commercial Properties Business	Procure 100% of electricity consumed at owned properties from renewable energy sources by FY2030	
Acquisition of green building certification*6	Commercial Properties Business, Residential Business	Acquire green building certification for, in principle, all new office buildings, logistics properties, and condominiums*7 for rent	

*1 Applies to the Tokyo Tatemono Group.
*2 Applies to Scope 3 categories 11 and 13.
*3 In addition to "ZEB""ZEH(-M)", includes Nearly ZEB, ZEB Ready, ZEB Oriented, Nearly ZEH(-M), ZEH(-M) Ready, and ZEH(-M) Oriented.
*4 Applies to new buildings for which design work began in January 2023 or later. Excludes certain properties such as joint venture properties or properties with special uses.
*5 Applies to new buildings for which design work began in June 2021 or later. Excludes certain properties such as joint venture properties or properties with special uses.
*6 Mainly refers to, but is not limited to, DBJ Green Building Certification, CASBEE Certification for Buildings, and BELS (Building Energy Saving Performance Labeling System) certification.
*7 Applies to new buildings for which design work began in January 2023 or later. Excludes certain properties such as joint venture properties or properties with special uses.

Transition Risk Analysis with CRREM

Tokyo Tatemono conducted a transition risk analysis with CRREM (Carbon Risk Real Estate Monitor), a scenario analysis tool for the real estate sector, targeting buildings held by the company on a long-term basis as of the end of December 2022. Going forward, we will use the results of the CRREM analysis alongside the TCFD scenario analysis to optimize operations for reducing GHG emissions.

Transition Risk Analysis with CRREM