Disclosure Based on TNFD Recommendations

Ensuring the sustainability of our planet requires securing stable social capital and the human capital it supports, both of which are underpinned by a foundation built on natural capital. In other words, natural capital is the basis for human survival, but that very basis is currently being shaken by two looming dangers: the loss of biodiversity and the climate crisis.

Countermeasures and initiatives, such as the Kunming-Montreal Global Biodiversity Framework adopted in December 2022 at the 15th Conference of the Parties to the Convention on Biological Diversity (COP15) and The National Biodiversity Strategy and Action Plan of Japan 2023-2030 adopted by Cabinet decision in March 2023, have established “a world of living in harmony with nature” as the biodiversity vision for the year 2050. And “Nature Positive by 2030” has been set as the goal for getting nature back on track by halting and reversing biodiversity loss. Responding to the challenges threatening natural capital and biodiversity is a matter of critical importance for the world.

Tokyo Tatemono Group has also made commitments in its Group Environmental Policy, including creating a pleasant city and life with greenery, working toward a vision of climate change prevention that leads the community, and engaging in resource-saving activities that are kind to the Earth. Additionally, we have recognized coexistence with the Earth and the environment as one of our shared values with society that we seek to realize through our business activities, identifying the promotion of a decarbonized society and a recycling-oriented society as Material Issues. In accordance with the aforementioned ideals and initiatives, we will continue to promote efforts to confront the challenges facing natural capital and biodiversity, and in April 2025, we endorsed the recommendations of the Taskforce on Nature-related Financial Disclosures (TNFD) and registered as an official TNFD Adopter. Our efforts to preserve natural capital and biodiversity will remain a key focus going forward.

Governance

To consistently pursue sustainability measures, including responses nature-related issues, 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 nature-related matters, the Committee deliberates and reports on key issues including the assessment of dependencies and impacts on nature, the identification of nature-related risks and opportunities, the establishment of monitoring indicators, targets, and corresponding action policies, as well as the status of related initiatives. The Committee also deliberates and reports important matters related to supply chain management*, including the response policy and implementation status, based on the Group’s Sustainable Procurement Standards established commonly across the Group. 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.

* Details of the Group’s Supply Chain Management initiatives are available in
Supply Chain Management (p. 59)

Strategy

Tokyo Tatemono has structured the Group’s nature-related strategy in accordance with the LEAP Approach recommended by TNFD.

This structuring takes into consideration the extent of the Group’s dependencies and impacts on nature, as well as the scale of nature-related risks and opportunities associated with its operations. It is based on the assumption that these operations are conducted through facilities located both domestically and internationally by the Group’s Commercial Properties Business, Residential Business, Parking Lot Business, Leisure Business, Overseas Business, and New Business segments. In fiscal 2025, the sales of the business segments within this scope are expected to account for over 90% of the Group’s total revenue.

Overview of the LEAP Approach

Locate interfaces with nature	The interfaces with nature is determined by having a clear understanding of the location information for all properties owned, managed, and sold through the Group’s in-scope business activities, and assessing the state of nature in the surrounding areas.
Evaluate dependencies and impacts	The major dependencies and impacts on nature within in-scope businesses are identified and evaluated for their scale.
Assess risks and opportunities	The nature-related risks and opportunities of in-scope businesses are identified and evaluated.
Prepare to respond and report	Countermeasures for the identified risks and opportunities are prepared and disclosed.

Disclosure Based on TNFD Recommendations

Locate Interfaces with Nature

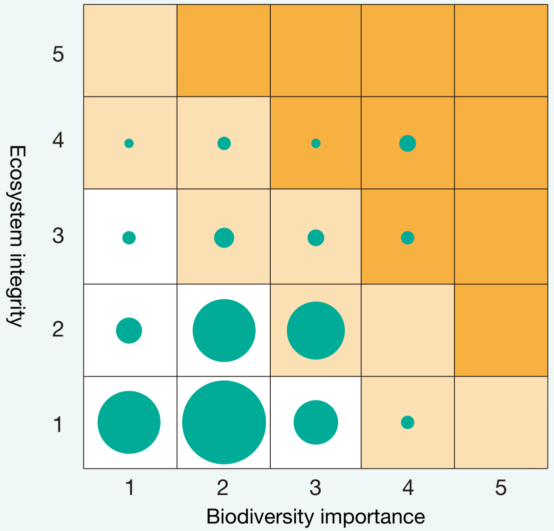
To better its ability to address dependencies and impacts on nature, as well as nature-related risks and opportunities, Tokyo Tatemono maintains a clear understanding of the locations of facilities involved in its in-scope businesses and has evaluated the condition of the surrounding natural environment to determine its interfaces with nature. Each facility is assessed based on the following five criteria defined by the TNFD using data generated with external tools and other methods.

Five TNFD Criteria and External Tools / Data

Biodiversity importance	Assessed with IBAT (Integrated Biodiversity Assessment Tool) to screen locations for proximity to areas of high biodiversity importance (Protected Areas and Key Biodiversity Areas) and STAR (Species Threat Abatement and Restoration Metric) values are used for further evaluation.
Ecosystem integrity	Assessed with the Biodiversity Intactness Index provided by the Natural History Museum.
Rapid decline in ecosystem integrity	Assessed by reviewing Pressures on Biodiversity, an indicator of magnitude of impact on nature provided by the WWF Biodiversity Risk Filter.
Water physical risk	Assessed using Aqueduct (Water Risk Atlas) to identify baseline water stress and flood risk (rivers and coasts).
Ecosystem service delivery importance	Assessed by using Global Forest Watch to screen for proximity to areas managed by IPLCs (Indigenous Peoples and Local Communities).

Through evaluations carried out on facilities of in-scope businesses, it was established that some Leisure Business facilities (resorts, hotels, golf courses, etc.) are situated in areas of high biodiversity importance and ecosystem integrity. It was also found that all facilities fall within areas classified as having low to moderate levels of rapid decline in ecosystem integrity, water physical risk, and ecosystem services delivery importance.

Biodiversity Importance and Ecosystem Integrity Evaluation Results

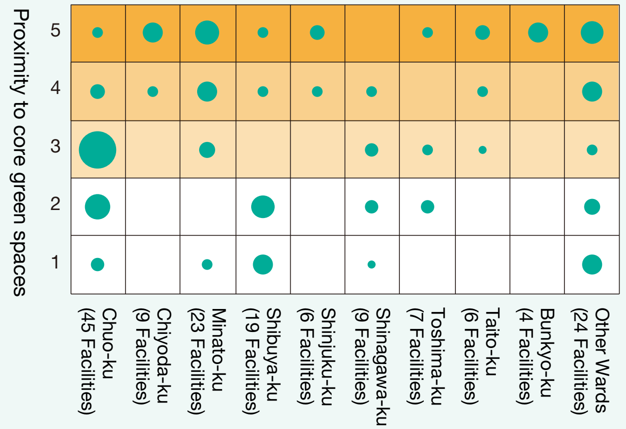


Many of the facilities operated by in-scope businesses are located in Tokyo, and forming ecological networks* in such urban areas is important for preserving local biodiversity. To assess facilities located within Tokyo's 23 wards, Tokyo Tatemono referenced the Green Master Plans established by each municipality to calculate proximity to the core greenery areas of each district. This was conducted as an additional evaluation to determine the Group's potential contribution to the ecological network.

Among the facilities of in-scope businesses assessed, particularly those in Chuo, Chiyoda, and Minato-ku, it was found that many were located in close proximity to core green spaces, and that the creation of new greenery could significantly contribute to the city's ecological network.

*An ecological network refers to a concept in which core areas, designated as key biodiversity zones due to their favorable natural conditions, are interconnected by corridors to enable the movement and dispersal of wildlife between them. It is also believed that the establishment of buffer zones as necessary to reduce external influence on core areas and corridors is another important element for the success of ecological networks.

Evaluation Results for the Proximity of Facilities in Tokyo's Wards to Core Green Spaces



Disclosure Based on TNFD Recommendations

Evaluate Dependencies and Impacts on Nature

Tokyo Tatemono has identified dependencies and impacts on nature within in-scope businesses and evaluated their scale. This evaluation divides the supply chain of in-scope businesses into upstream and direct operation/downstream categories, and uses the TNFD-recommended tool ENCORE* to assess each separately. The results of this evaluation are presented in heat maps, using color gradients to indicate the scale of dependencies and impacts on nature.

*ENCORE is an abbreviation of Exploring Natural Capital Opportunities, Risks and Exposure. It is a tool developed by the UN Environment Programme World Conservation Monitoring Centre (UNEP-WCSC) and other organizations for assessing the scale of impact and dependencies that companies have on nature.

Dependencies and Impacts on Nature Within In-scope Businesses

Dependencies on nature

			Provisioning services				Regulating and maintenance services																	Cultural services			
Supply chains	Business	Business processes	Biomass resources	Genetic material	Water resources	Animal-based energy	Global climate regulation	Rainfall pattern regulation	Local climate regulation	Air purification	Soil quality regulation	Soil and sediment preservation	Decomposition of solid waste	Water purification	Water current regulation	Flood mitigation	Storm mitigation	Noise mitigation	Pollination services	Biological control	Habitat preservation	Dilution by atmosphere and ecosystems	Mitigation of sensory disturbances	Recreation	Visual amenities	Education / Research	Spiritual / Aesthetic / Symbolic
Direct operation / Downstream	Commercial Properties Business / Overseas Business	Office buildings / commercial facilities / urban hotel operations and management			M		M	M	M			M		VH		H		M					M	VH	VH		VH
		Logistics properties operations and management							M			M				H									VH		
	Residential Business / Overseas Business	Sales and rentals of condominiums and apartments							M			M				H		M					M	H	VH		VH
	Parking Lot Business	Parking lot operations and management							M			M				H									VH		
	Leisure Business and New Businesses	Resort hotel and hot spring facility operations and management			M		M	M					M	VH		H	M	M					M	VH	VH	VH	VH
		Golf course / park / sports facility operations and management			M		M	M					M	VH		H	M							VH	VH		
Upstream	All businesses	Building construction			M		M	VH				H		M	M	M	M										
		Construction materials (steel, aggregates, cement, non-ferrous metals)			H		H	VH		M		H	M	VH	H	H	M					M					
		Construction materials (wood)	VH		M			M		H	H	VH	M		M	M	M			H							
	Experiential Facility Business	Food	VH	VH	VH		VH	VH	VH	M	VH	VH	VH	VH	VH	H	VH		VH	H	VH	M				VH	VH

Impacts on nature

			Land use			Resource extraction			Climate change	Pollution				Disturbances	
Supply chains	Business	Business processes	Land area	Freshwater area	Ocean area	Water resources	Other organic resources	Other inorganic resources	GHG emissions	Air pollution	Hazardous substances	Nutrient salts	Solid waste	Invasive alien species	Disturbances
Direct operation / Downstream	Commercial Properties Business / Overseas Business	Office buildings / commercial facilities / urban hotel operations and management							M				M	M	
		Logistics properties operations and management							M						
	Residential Business / Overseas Business	Sales and rentals of condominiums and apartments													
	Parking Lot Business	Parking lot operations and management							M						
	Leisure Business and New Businesses	Resort hotel and hot spring facility operations and management	M	M					M				M	M	M
		Golf course / park / sports facility operations and management	M	M					M				M		M
Upstream	All businesses	Building construction	M	M					H	H	H		M		VH
		Construction materials (steel, aggregates, cement, non-ferrous metals)	M	VH	VH	M		VH	H	VH	VH	M	VH		VH
		Construction materials (wood)	VH	M		M	VH		M	VH	M		M	M	H
	Experiential Facility Business	Food	VH	H	H	VH	VH		H	H	H	VH	VH	VH	H

VH Very large　H Large　M Moderate　Small / Very small

Across all in-scope businesses, direct operations and downstream activities were commonly evaluated as having a high dependency on cultural services. Many office buildings and for-sale condominiums either have green spaces on the premises or are built facing greenery nearby. The visibility of greenery in and around such facilities, along with opportunities to engage with nature through recreational activities such as forest bathing and walking, is expected to provide various physical and psychological benefits. These benefits reflect a functional dependency on nature. Across all in-scope businesses, upstream procurement of construction materials has been commonly evaluated as having a high degree of dependency and impact on nature. The procurement of food used in hotels operated by the Commercial Properties Business and Leisure Business has also been evaluated as having a high degree of dependency and impact on nature in many respects.

Disclosure Based on TNFD Recommendations

Assess Nature-related Risks and Opportunities

Tokyo Tatemono has identified nature-related risks and opportunities within in-scope businesses. This identification process was also carried out separately for upstream and direct operations/downstream categories within the supply chains of in-scope businesses.

Nature-related Risks of In-scope Businesses

Category			Items	Impact on Group business
Direct operation / Downstream	Transition risks	Policies / Regulations	Introduction and strengthening of regulations related to protected areas and urban development	Expansion of protected areas and addition of restrictions on acquiring land for new development through stricter land-use regulations in order to achieve the 30 by 30 target
		Technology	Burden of green space management	Increased costs of acquiring certification related to environmental friendliness and green spaces / increased costs of green space maintenance
		Markets / Reputation	Changes in consumers and society	Decreased occupancy rates and rents due to reduced demand for properties lacking certifications for environmental friendliness or green spaces and properties with high environmental impact
				Loss of reputation due to the impact of developments on regions with high conservation importance and increases in the cost of measures to reduce impact
	Physical risks	Acute	Frequent and intense extreme weather events	Reduction of rental income due to increasing frequency and intensity of extreme weather events and rising recovery costs
		Chronic	Rise in average temperature	Decrease in sales due to reduced customer activity associated with rising average temperatures
				Increase in utility costs due to rising average temperatures and the heat island effect
			Decline of surrounding ecosystems	Decline in property value and decrease in users due to the decline of surrounding ecosystems caused by rising average temperatures and damage from pests and pathogens
				Water use restrictions caused by destabilization of the water cycle due to ecosystem decline
Upstream	Transition risks	Policies / Regulations	Growing pressure to adopt sustainable procurement measures	Increased costs associated with implementing sustainability measures and traceability for construction materials (steel, wood, etc.)
				Increased costs associated with implementing sustainability measures and traceability for agricultural and marine products
			Tightening of regulations aimed at reducing impacts on nature	Increased costs of compliance with tightened regulations on land alteration, noise, and pollution impacting nature in areas of high conservation importance
	Physical risks	Acute	Frequent and intense extreme weather events	Destabilization of the supply of construction materials (steel, wood, etc.) due to the increasing frequency and intensity of extreme weather events
				Construction delays caused by the increasing frequency and intensity of extreme weather events
		Chronic	Rise in average temperatures and ecosystem decline	Destabilization of the supply of agricultural and marine products due to rising average temperatures, ecosystem decline, and other factors

Nature-related Opportunities for In-scope Businesses

Category		Items	Impact on Group business
Direct operation / Downstream	Technology	Resilience improvement	Damage reduction by developing real estate resistant to severe rainfall and other natural disasters
		Preservation of water resources	Reduction of water use and promotion of recycled water use
		Reduction of waste emissions and promotion of waste reuse	Reduction of waste disposal costs by cutting waste emissions and promoting waste reuse
	Products / Services	Increase in earnings from environmentally friendly properties	Increase in occupancy rates and property value driven by growing demand for environmentally certified properties, properties working to reduce environmental impact, properties with green spaces, and properties using wood in shared areas
		Creation of urban green spaces and nature-based urban development	Increase in local brand value, occupancy rates, and property value resulting from the creation of urban green spaces and urban development that utilizes greenery as Nature-based Solutions and green infrastructure to improve user convenience and address local challenges such as the heat island effect and flood risks through soil water retention
		Development of pedestrian-centric spaces	Increase in local brand value, occupancy rates, and property value resulting from urban development that incorporates urban green spaces and develops pedestrian-centric areas to promote urban vibrancy and create natural experiences for pedestrians
		Provision of spaces for innovation	Increase in local brand value, occupancy rates, and property value through the provision of spaces that foster innovation in nature positive technologies such as food tech
	Financing	Expansion of Sustainability Finance	Reduction in financing costs
Upstream	Products / Services	Promoting sustainable procurement	Using construction materials (steel, wood, etc.) produced with sustainable methods
			Use of food ingredients produced through sustainable farming and fishing

Disclosure Based on TNFD Recommendations

Prepare to Respond and Report

Tokyo Tatemono has designated the conservation of natural capital and biodiversity as the primary response strategy for facilities found to be located in areas of high conservation importance and ecosystem integrity during the evaluation for interfaces with nature. These facilities consist of a set of Leisure Business sites (resort hotels, golf courses, etc.) outside of urban areas.

Facilities similarly found to be located in areas with high potential to contribute to the ecological network, such as those in the Chuo-ku, Chiyoda-ku, and Minato-ku of Tokyo, have designated not only the conservation but also the creation of natural capital and biodiversity as their primary response strategy.

Response Strategies for Natural Capital and Biodiversity

Interfaces with nature	Primary response strategy	Specific initiatives
Properties located in areas of high conservation importance and ecosystem integrity	Conservation of natural capital and biodiversity	Promoting a decarbonized society (CO_2 emissions reduction), implementation of environmental impact assessments, appropriate use of water resources, and promoting a recycling-oriented society (waste and hazardous substance reduction, effective use of natural resources, and proper use of pesticides and other chemicals)
Properties located in areas with high potential to contribute to the ecological network	Conservation and creation of natural capital and biodiversity	Conservation: same as above Creation: Green Space and Waterscape Creation

Specific Initiatives for the Conservation of Natural Capital and Biodiversity

Environmental Impact Assessment (Environmental Assessment)

When executing new development projects in Japan and overseas, we conduct the necessary environmental impact assessments (environmental assessments) in accordance with laws and regulations. We formulate plans that leverage our expertise to consider how each project affects the environment. Environmental impact assessments cover a wide range of subjects, including greenhouse gases (GHG), water cycles, water pollution, air and soil pollution, waste, and biological and ecological systems. Evaluation items are selected based on the characteristics of the region and the project. If a negative environmental impact is found, we work to avoid or mitigate it.

Appropriate Use of Water Resources and Promoting a Recycling-oriented Society

The Tokyo Tatemono Group Environmental Policy includes a call for resource-saving activities that are kind to the Earth. The Group has also identified the promotion of a recycling-oriented society as one of its Material Issues and has established KPIs and targets related to water resources and waste in order to address the issue through its business activities.

Water resource initiatives are being advanced by setting targets for reducing water use and promoting the use of recycled water, while issues are being addressed by setting targets for reducing waste generation and promoting recycling. Details of these initiatives are available in Water Resources (p. 44) and Promoting a Recycling-oriented Society (p. 46).

Specific Initiatives for the Creation of Natural Capital and Biodiversity

Creation of Green Spaces and Waterscapes in Urban Areas

Even in urban areas with limited greenery, Tokyo Tatemono creates green spaces of meaningful size to help mitigate the heat island effect and ensure that the created green spaces connect with surrounding greenery. This, in turn, contributes to the creation of a greater ecological network. Details of these initiatives are available in Biodiversity (p. 42).

Specific Examples of Urban Initiatives

Project name	Location	Green space and waterscape creation details	Nature-related certifications acquired
The Otemachi Tower	Chiyoda-ku, Tokyo	Developed Otemachi Forest, a green space covering about one-third of the site (approx. 3,600m^2)	ABINC Certification, SEGES, Nationally Certified Sustainably Managed Natural Sites, TSUNAG
Tokyo Square Garden	Chuo-ku, Tokyo	Developed Kyobashi no Oka, a three-dimensional green space spanning from B1 to the 5th floor (approx. 3,000m^2)	ABINC Certification, SEGES
Nonoaoyama Building	Minato-ku, Tokyo	Developed a large green space and biotope of approximately 3,500m^2 leveraging the natural terrain and water veins of Aoyama	—
Meiji Park	Shinjuku-ku, Tokyo	Developed the Forest of Pride, an approximately 7,500m^2 wooded area within the 16,000m^2 park	—
Brillia Tower Seiseki Sakuragaoka BLOOMING RESIDENCE	Tama-shi, Tokyo	Developed an approximately 5,000m^2 public green space integrated with the natural environment of the Tama River	ABINC Certification

Disclosure Based on TNFD Recommendations

Risk and Impact 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, including nature-related risks, are managed by the Sustainability Committee in coordination with relevant departments, and key 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, 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, such as those related to nature.

Indicators and Targets

Tokyo Tatemono Group has established indicators for the conservation of natural capital and biodiversity, which are used for monitoring and target setting. Many of these indicators are aligned with TNFD disclosure indicators.

Indicators Related to the Conservation of Natural Capital and Biodiversity

Items			Tokyo Tatemono Group indicators	Relation to TNFD disclosure indicators
	Monitoring	Targets		
Promoting a decarbonized society	●	●	CO_2 emissions (Scope 1, 2, 3)	–
Environmental Management	●	–	Environmental Incidents and Violations of Environmental Laws or Regulations	Core global disclosure metric C7.2
Water resources	●	●	Water use and water use intensity	Additional global disclosure metric A3.0
	●	–	Water withdrawal and water withdrawal intensity (by water source, by water risk area)	Core global disclosure metric C3.0
	●	–	Wastewater discharge (by destination)	Additional global disclosure metric C2.1
	●	●	Percentage of properties with gray water facilities	–
Promoting a recycling-oriented society	●	●	Waste emissions and waste emissions intensity	Core global disclosure metric C2.2
	●	●	Recycling amount and recycling rate	Core global disclosure metric C2.2
	●	–	Hazardous Substance Emissions	Core global disclosure metric C2.4
	●	–	Raw material usage (steel and wood)	Core global disclosure metric C3.1