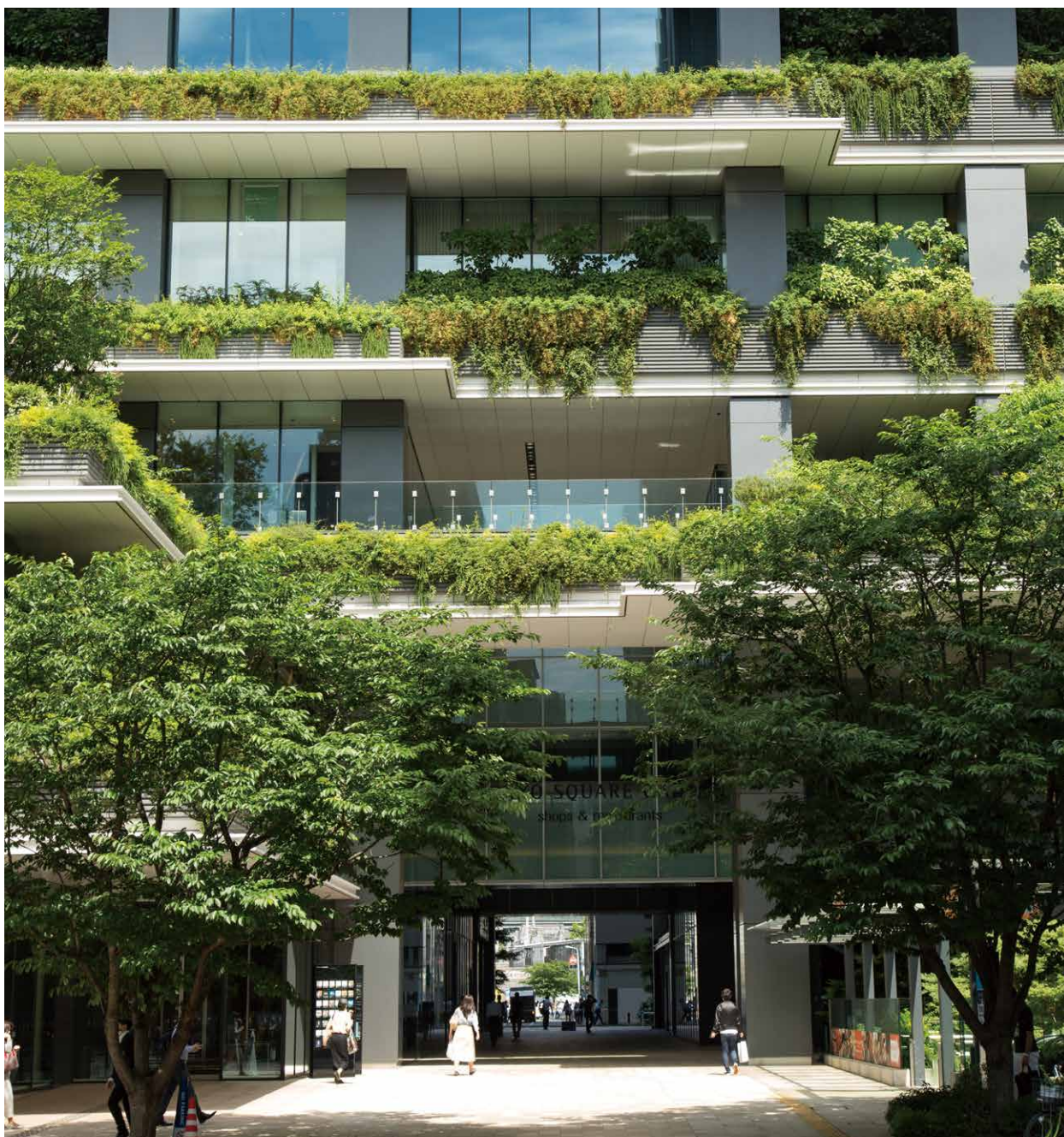


TOKYO TATEMONO GROUP
Integrated
Report 2020



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Editorial Policy

Integrated Report 2020 was prepared with the goals of enhancing communication with stakeholders and fostering understanding regarding the propensity of Tokyo Tatemono Co., Ltd. to create value over the medium to long term through the provision of financial and non-financial information. For future reports, we intend to incorporate feedback from readers to improve the contents.

Reporting Period

This report primarily covers the fiscal year ended December 31, 2019. However, some information on activities before or after this period and forward-looking forecasts are also included.

Scope of Reporting

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

Referenced Frameworks

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



Disclaimer Regarding

Forward-Looking Statements

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



Corporate Philosophy

“Trust beyond the era.”

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

We support affluent and dream-filled living.

We aim to create comfortable urban environments.

We create worthwhile spaces offering peace of mind.





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

Message From the CEO

**Becoming a Next-Generation Developer:
 We are executing toward our vision, aiming to
 be a company deserving of continued trust.**

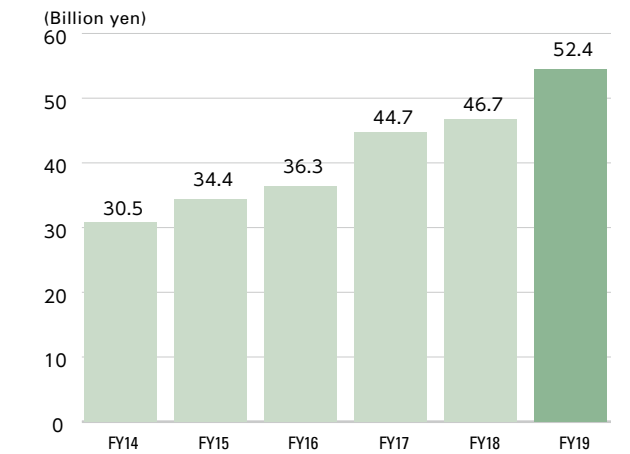
Taking the Successes of Our Medium-term Business Plan (fiscal years 2015-2019) to the Next Stage of Growth

In 2019, the rental office and residential condominium markets were strong throughout the year, with active trading in various asset types within the real estate investment market amid monetary easing policies. In this business environment, our Group recorded another year of higher sales and profits in fiscal 2019. Further, fiscal 2019 was the final year of our most recent five-year medium-term business plan, which began in 2015. We achieved a number of financial targets under this medium-term plan, including our quantitative goal of ¥50.0 billion in consolidated operating income. This was a significant increase achieved over the past five years compared with ¥30.5 billion yen consolidated operating income in fiscal 2014. We reached this success thanks to a tailwind from the market and commendable efforts from each of our Group employees. In the Commercial Properties Business, we leveraged Group strengths in development projects such as Hareza Ikebukuro, making a series of proposals to meet the challenges and needs of local communities and enhancing the attractiveness and value of each region. We also developed new assets that met the changing needs of today. This includes our entering the logistics facility development business by focusing on advances in e-commerce. In our Residence Business, we offer tower condominiums such as Brillia Towers Meguro, which is the flagship of the Brillia condominium brand. We have also worked to enhance brand value through customer satisfaction-centric development (e.g. the *Bloomoi* Project for creating products to meet the needs of a diverse range of customers), winning high praise from our customers. We have been working to restructure our Group businesses since the end of 2015. Our efforts here have helped establish a service system that integrates



Brillia Towers Meguro

Operating Income



manufacturing, sales, and management in the Residence Business, leading to the creation of better products and services. Further, cross-border collaboration between Group companies and divisions working in various real estate-related business fields has produced synergies across several businesses, and we are moving forward with specific projects. This heightened group unification is a major achievement well beyond our quantitative targets. To maintain this trend and build further sustainable growth, we have established a vision to be shared by all Group companies.

Raise the Bar to Solve Social Issues and Achieve Corporate Growth

In formulating our long-term vision, we conducted a number of discussions to set concrete goals by backcasting from a future vision of an ideal society. The Yaesu, Nihonbashi, and Kyobashi areas around Tokyo Station (and where the Tokyo Tatemono Group is headquartered) make up Japan's greatest concentration of corporations. This area is a hub exerting great influence on the growth of the country's economy. As populations decline, values diversify, and technologies evolve, society is expected to change even more rapidly. Real estate developers such as Tokyo Tatemono must anticipate these issues early and leverage our businesses to contribute solutions. Under our present trajectory, we will complete many of our large-scale redevelopment projects in or around the year 2030. By coincidence, the year 2030 is also the target year outlined in the SDGs. We have considered what kind of city we want Tokyo to be by 2030, as well as what kind of corporate Group we should strive to become. We have distilled these thoughts into the words, *Becoming a Next-Generation Developer*. The root word of developer is *develop*, which not only

means to improve land and construct buildings, but also means to evolve and grow in the softer sense of the word.

For us, becoming a next-generation developer means something beyond building tangible structures and growing profits. This ideal also reflects how we strive to create services for lifestyles, work, and rest, building long-term cultures and functions for our communities.

This corporate image is what emerged from our many discussions.

Each Group employee, not only those working in real estate development but also those in sales, management, and other areas, pursue a shared sense of developing communities and society. For these reasons, we chose

the word developer.

In addition, modern society faces many pressing issues, including climate change, frequent natural disasters, and intense global economic competition.

In this rapidly changing era, we have come to realize that companies that fail to both solve social issues and grow as a company to degrees greater than ever before will be unable to survive through the generations. We selected the phrase *next-generation* based on this concept. The Tokyo Tatemono Group will address these issues from a next-generation perspective, aiming to become a corporate entity with the ability to respond flexibly to any situation.

Key External Environmental Factors

Intensifying international competition between cities	Changing financial environment
Declining population (total and working-age) in Japan	Diversification of work and life styles
Intensifying competition in acquiring talent	Advances in digital technology and accelerating globalization
Increasing awareness of ESG	Growing geopolitical and natural disaster risks

Long-Term Vision for 2030 Becoming a Next-Generation Developer

In an era full of uncertainty and rapid change in terms of demographics, diverse values, accelerating technological progress, and more, various issues have emerged on the path to creating a sustainable society.

The Tokyo Tatemono Group recognizes that the role developers play must also change significantly. Our aim is to be a good company for stakeholders by leveraging our businesses to solve social issues and achieve higher levels of growth as a company.

Pursuing a New Medium-term Business Plan (fiscal years 2020-2024) to Achieve our Ideal Future

On our journey to achieving our 2030 long-term vision, the Tokyo Tatemono Group established a new medium-term business plan for the five-year period from 2020 to 2024. In May 2020, we moved our headquarters to begin teardown and construction of the Yaesu 1-Chome East Area Tokyo Station B Area Urban Redevelopment Project. Our first key strategy is the steady development of this Yaesu area, conducted in partnership with local landlords and owners.

In our Residence Business, we intend to use our

accumulated expertise in redevelopment and rebuilding to secure development opportunities in the highly competitive condominium market. Here, we will provide high-quality housing in response to social changes to further boost the Brillia brand power.

In addition, we will more aggressively and opportunistically pursue the development and sale of properties for investors, an activity we had expanded during our previous medium-term business plan. We will also strengthen our service businesses, including as brokerage, funds, and parking lots, meeting the needs of a stock-based society and working together as a Group to grow our asset base and solidify a foundation for profitability.

Our new medium-term business plan calls for continuing

efforts to capture business opportunities in China and Southeast Asia to achieve growth not only in Japan but also overseas.

The impetus behind selecting these key strategies was the concept of building a business portfolio that responds to changes in society and the business environment (see Message From the CFO on P.26- 29).

We seek to establish a business portfolio featuring high capital efficiency, being mindful of the balance between profitability, efficiency, and stability.

In advancing these key strategies, it will be essential to have an *evolved approach to ESG management*.

To this end, we have established systems for pursuing sustainability measures throughout the Group. These measures include establishing our new Sustainability Committee, as announced in our new medium-term business plan.

The SDGs are composed of 17 global goals and 169 targets. We feel these include a number of inherent social issues related to the real estate business. Therefore, we can contribute to these goals as a Group, responding to climate change and natural disasters, providing safe and secure housing, and so on. We intend to work proactively in making contributions to achieving the SDGs.

We believe the Group's sustainable growth will be inevitable when our contribution to these goals is recognized by society and our customers, leading to the achievement of our long-term vision.

Aiming to be a Good Company for All Stakeholders, Founded on Trust

At the outset of our long-term vision and new medium-term business plan, our lives are undergoing drastic changes with the global spread of COVID-19. I have come to feel strongly that we must be vigilant in maintaining awareness and make great efforts in our business. Performance in the real estate business tends to be influenced by market fluctuations; however, we cannot just throw our hands up in frustration at poor market conditions.



In any event, we must respond appropriately to social changes and to capture business opportunities as we secure ensuring profitability and productivity. We also believe that we must place even greater emphasis on our relationships with stakeholders than we have in the past.

Our long-term vision includes the phrase *being a good company for all stakeholders*. I can proudly say that I feel the Tokyo Tatemono Group is the best *good company* in Japan.

We have built relationships with our customers and business partners in the belief that trust creates the future, as we state in our corporate philosophy.

We believe that this spirit of valuing the trust of our stakeholders is the greatest strength of our Group. In some ways, shareholders, customers, business partners, employees, and others have conflicting interests. Even so, I believe it is possible to be a balanced, good company in all aspects, as long as we are committed now and in the future to this posture of valuing the trust of all our stakeholders.

The Tokyo Tatemono Group will forge ahead in singular unity to be a company trusted by society over the next 100, and even 200, years.

Fundamental Policy for Our Long-Term Vision

<p>Steady Profit Growth</p> <p>Target for 2030: Consolidated business income* of ¥120.0 billion</p>	<p>Solve a Variety of Social Issues</p> <p>Contribute to the SDGs</p>
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*Consolidated business income = consolidated operating income + equity gains (losses) in earnings of affiliated companies

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

History of Value Creation

Since our foundation, Tokyo Tatemono, a pioneer of modern real estate, has been engaged in pioneering initiatives under the philosophy of *the customer always comes first and enterprising spirit* inherited from our founder, Zenjiro Yasuda, who is also the founder of the Yasuda conglomerate. Our urban development initiatives for more than 120 years are the basis for our current strength.

1896-1945

Founded in Turbulent Times

Tokyo Tatemono was founded by Zenjiro Yasuda, the founder of the Yasuda conglomerate, as a financial institution specialized in land and building properties, in order to establish the foundation for real estate transactions. After the Sino-Japanese War, the company started operation in China, where it conducted business to manage and operate houses and buildings and accumulated results.

Founded by Zenjiro Yasuda with the aspiration to contribute to society through business

Tokyo Tatemono was founded by Zenjiro Yasuda, the founder of the Yasuda conglomerate, in order to establish the foundation for transactions to fight against widespread fraud real estate transactions. The *customer always comes first spirit* and enterprising spirit have been passed down to today.



Zenjiro Yasuda



Tokyo Tatemono Building

Activities as a pioneer of modern real estate

Zenjiro introduced an installment sales method that is a prototype of the current housing loan. The company built the Tokyo Tatemono Building directly after the Kanto Great Earthquake, and conducted business as a pioneer of modern real estate.

1946-1996

Business Expanded with the Times

The company actively expanded the office building business to meet a growing demand for office space as the Japanese economy developed. The company started the condominium business to cope with the housing shortage in the high-growth period of Japan. Moreover, the company also started the brokerage business to meet a demand for these land transactions, and expanded the business as a comprehensive real estate company.

Starting the condominium business to cope with the housing shortage

The company started the condominium business in response to the housing shortage in the high-growth period, which became a social problem. In 1969, the company developed the HIROO HEIGHTS condominium, which ignited a condominium boom in Japan.



HIROO HEIGHTS condominium

Developing large-scale office buildings to cope with a growing demand for office space



Shinjuku Center Building

The company developed a series of new office buildings to cope with a growing demand for office space as Tokyo developed. In 1979, the company built the Shinjuku Center Building, a large-scale project, which is now a landmark in the Shinjuku subcenter area.

1997-2011

Rapid Expansion as a Comprehensive Developer

To further expand the business, the company tried out advanced initiatives such as large-scale redevelopment projects and development of the first real estate securities product in Japan by using the overall strength of a comprehensive real estate company. The company diversified the business into new areas, such as a commercial facility business, fund business, and parking lots Business.

Point-to-surface urban development Undertaking an office-residential-commercial complex redevelopment project

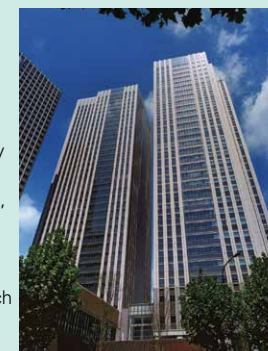
The company used its development expertise accumulated up until that point to promote the advanced use of planning zones, and became engaged in the office-tower condominium-commercial facility complex redevelopment project olinas in Kinshicho.



olinas

Urban development in cooperation with the government Promoting the PFI project

In the Kasumigaseki Common Gate development, the company served as a lead manager in charge of the PFI project, reserved floor space acquisition, maintenance, and management, and assumed leading roles, such as planning and design of the whole project.



Kasumigaseki Common Gate

Strengths cultivated through our business for more than 120 years

Ingenuity and problem-solving supporting customer/social needs

A corporate culture capturing change over time and taking on new challenges

120 years of trust, track record, know-how

2012-

Urban Development for the Future Cities

The company has undertaken a series of large-scale redevelopment projects using its accumulated expertise, and built a series of buildings representing Tokyo Tatemono. Facing people, society, and global environment, the company is engaged in the urban development for the next generations in an effort to achieve a sustainable society.

Local community-friendly urban development

The company has developed the Brillia Tama New Town, one of the largest residential complex reconstruction projects in Japan, addressing the problems with an acceleration of demographic aging with an increasing number of aging condominiums. The project contributed to creating a new local community by converting aging residential complexes into new condominiums.



Brillia Tama New Town

Urban development to propose a new work style

The Nakano Central Park development project promoted an industry-government-academia collaborative urban development, which strengthened the local community cooperation using area management and developed a new office environment working in greenery.



Nakano Central Park



The Otemachi Tower

Urban development contributing to strengthening international competitiveness

Through the development of its flagship property The Otemachi Tower, the company designed an urban development that contributes to strengthening the competitiveness in Tokyo, by placing the Otemachi Forest across one-third of the whole premises and luring the luxury hotel AMAN Tokyo to the site.

Value Creation Process

The Tokyo Tatemono Group properly understands the ever changing business environment and promotes the business activities using our strengths, while at the same time engaged in the evolution of ESG management, with the aim of steadily growing profits and solving social issues.

Focus Factors in the External Environment

- Intensifying international competition between cities
- Changing financial environment
- Declining population (total and working-age) in Japan
- Diversification of work and life styles
- Intensifying competition in acquiring talent
- Advances in digital technology and accelerating globalization
- Increasing awareness of ESG
- Growing geopolitical and natural disaster risks

Input

Finance capital
Healthy financial foundation supporting the business activities

- Total assets ¥1.564 trillion
- Debt-equity ratio 2.5X
- Interest-bearing debt/EBITDA multiple 12.6X

Business capital
Long-term held assets generating stable income

- Tangible/intangible fixed assets ¥902.7billion

Short-term turnover assets leading to development profits generation

- Real estate for sale ¥337.3 billion

Intellectual capital

- Expertise promoting large-scale redevelopment projects and housing reconstruction
- Management and operation using the group's comprehensive strength
- Product and service brand power
- Ability to identify profit opportunities

Human capital

- Number of headquarters employees 655
- Number of group employees 5,396

Social and related capital

- Broad customer and tenant relationships
- A wealth of information sources

Business Model of the Tokyo Tatemono Group



Output (FY2024 targets)

Financial targets in the medium-term business plan

- Stable and sustainable income growth
→ Business income **¥75 billion**
- Maintain and improve the capital efficiency
→ ROE **8 to 10%**
- Maintain and improve the financial healthiness
→ Debt-equity ratio approx. **2.4X**
Interest-bearing debt/EBITDA multiple approx. **12X**

Important ESG management themes

- Further strengthen environmental measures
- Secure and develop human resources to support sustained growth
- Maintain and strengthen relationships with stakeholders
- Increase profitability and management transparency by strengthening the governance

Vision of the Tokyo Tatemono Group in 2030

Long-Term Vision
Becoming a Next-Generation Developer

Target Social Value

Community development that contributes to Tokyo as an international city attractive to all

Urban development so all can live the lives they please

Sustainable community development considerate of nature and the environment














Materialities → P12

Materialities (Critical Issues)

The Tokyo Tatemono Group has identified nine materialities (critical issues) as social issues to be solved through our businesses. We provide three desirable social values through solving these issues.

To move forward with our sustainability measures across the group, we are also engaged in raising the level of ESG management and have set key themes for E (Environment), S (Society), and G (Governance).

Tokyo Tatemono Group Materialities

Target Social Value	Materialities (Critical Issues)	Contributing to the SDGs
Community development that contributes to Tokyo as an international city attractive to all	Strengthen and enhance city functions Promote urban redevelopment, establish facilities for the public good, create lively scenes through area management	   
	Respond to globalization Attract global enterprises, establish an environment that is welcoming to foreign visitors in Japan	
	Promote innovation Promote open innovation, use data and information technology	
Urban development so all can live the lives they please	Use and rebuild real estate stock Promote reconstruction/redevelopment projects	  
	Respond to a growing diversity of values and lifestyles Create and offer spaces that keep pace with changing times (changes in work styles, family structure, etc.)	
	Respond to declining birthrate and aging population Establish an environment that facilitates child rearing and environments suitable for seniors	
Sustainable community development considerate of nature and the environment	Harmonize with nature Establish environments with greenery, maintain and protect ecosystems	     
	Reduce environmental impact Use resources such as energy and water efficiently, reduce waste, promote recycling	
	Engage in natural disaster emergency response Respond to natural disasters stemming from climate change, engage in earthquake countermeasures	

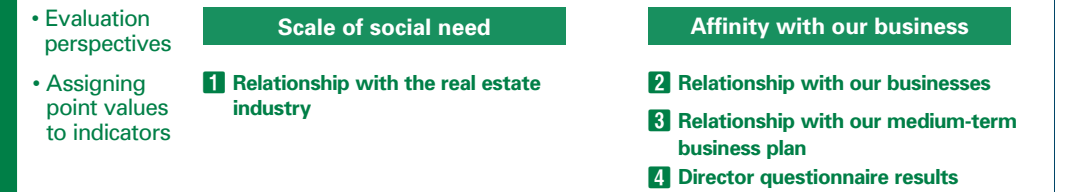
Key themes to be addressed to raise ESG management

E: Environment	S: Society	G: Governance
Further strengthen environmental measures through our business <ul style="list-style-type: none"> Reduce emissions of greenhouse gases Strengthen response to climate change Promote development of eco-friendly real estate 	Secure and develop human resources to support sustained growth <ul style="list-style-type: none"> Raise productivity by promoting work style reform Promote diversity Actively invest in and develop human resources to expand the scope of our business Maintain and strengthen relationships with stakeholders <ul style="list-style-type: none"> Strengthen response to human rights issues Offer products and services that respond to social change 	Increase profitability and management transparency by strengthening governance <ul style="list-style-type: none"> Strengthen risk management framework Strengthen supply chain management Further strengthen Group synergy Review cross-shareholdings policy Further increase transparency and effectiveness of management

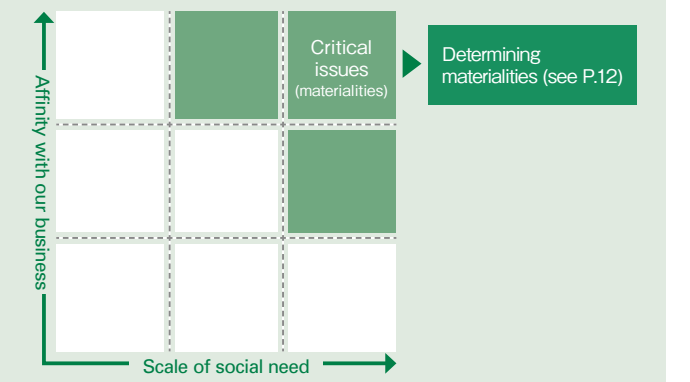
Materiality Identification Process

Step 1
Examine and identify social issues
First, to get a broad grasp of the social issues relevant to our business, the Tokyo Tatemono Group listed 35 social issues to study. Our list was influenced by international issues (the SDGs), issues unique to Japan (Future Investment Strategy), and issues unique to our industry (Basic Policy on Urban Renaissance, National Strategic Special Zones Policy).

Step 2
Evaluating identified issues
We evaluated 35 social issues and measured their relative importance. In making this evaluation, we incorporated two perspectives: the scale of the social need (whether the issue requires a solution) and the affinity of the issue with our business (whether the issue is closely concerned with our current business or something we may wish to deal with as a business in the future). To further clarify the relative importance of issues, we assigned points based on four aspects.



Step 3
Map issues based on evaluations
We mapped the issues to narrow them down to those of relatively great importance. We organized these issues into three categories based on their content and identified them as Tokyo Tatemono materialities.



Step 4
Establish and review materiality-related KPIs
We establish KPIs to evaluate results and make concrete progress, ensuring we engage with and achieve our materialities going forward. We also plan to review materialities every three to five years to respond to changes in the business environment, etc.

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)
- Future Investment Strategy:** Future Investment Strategy 2018: Transforming into Society 5.0 and a Data-Driven Society. A summary of the strategic fields and measures on which the Japanese government will focus its efforts
- Basic Policy on Urban Renaissance:** A summary of the Japanese government's basic policy for revitalizing cities
- National Strategic Special Zones Policy:** A summary of the Japanese government's zone policy for national strategic special zones

The 17 SDGs





Feature

Value Creation and Income Growth

Yaesu/Nihonbashi/Kyobashi (YNK) Area Urban Development

The YNK area connects to the Nihonbashi/Muromachi area, Otemachi/Marunouchi/Yurakucho area, and Ginza area centered on Tokyo Station to form a large Tokyo Station area, which functions as a hub connected to every area in Tokyo, every city in Japan, and the world, and serves as a global business center, where people, goods, and information come and go.

Many large-scale development projects are planned and going on in this area.

The Tokyo Tatemono Group is engaged in various ambitious projects in an effort to raise the value and international competitiveness of the entire area towards the future using the charms of the area cultivated in its history.

Community Development Activities of Tokyo Tatemono in the Yaesu/Nihonbashi/Kyobashi Area

The YNK area, a hub of railway and bus networks, enjoys great traffic convenience and many companies are concentrated there. This area therefore can be regarded as a center of Japan in various aspects such as business, culture, and information.

In this area, craftsmanship and food culture was cultivated from the Edo period, and is deeply rooted and passed on to today. Since its foundation in 1896, Tokyo Tatemono

is headquartered in this attractive area and owns a large number of assets, and has been engaged in a variety of community development activities in cooperation with the local community.

As a member of the local community, we will continue to grow with the area and play a role in envisioning the future of the area and realizing the vision together.

Community development activities in the YNK area

- Participation in the Sanno Festival, one of Japan's three major festivals
- An umbrella sharing service (I KASA) in the area around Tokyo Station



Office Buildings Owned by Tokyo Tatemono around Tokyo Station

The Tokyo Tatemono Group owns a large number of buildings, including our head office building, in the YNK area. We envision the development of this area, which is constantly changing with the changes of the times as an area with rich culture and traditions and as a global business center, and we have continued to propose the

vision and values for buildings by identifying the needs of the local community and utilizing our expertise. We will continue to undertake urban development that provides safety, security, and comfort for everyone who works in and visits our buildings, and contribute to the future of the area.

[Development example] Tokyo Square Garden

We have realized one of the largest complex buildings in the surrounding area by turning multiple city blocks into a single large block in Kyobashi, a crossroads of traffic, which is located at the middle point of Tokyo Station, Nihonbashi, and Ginza.

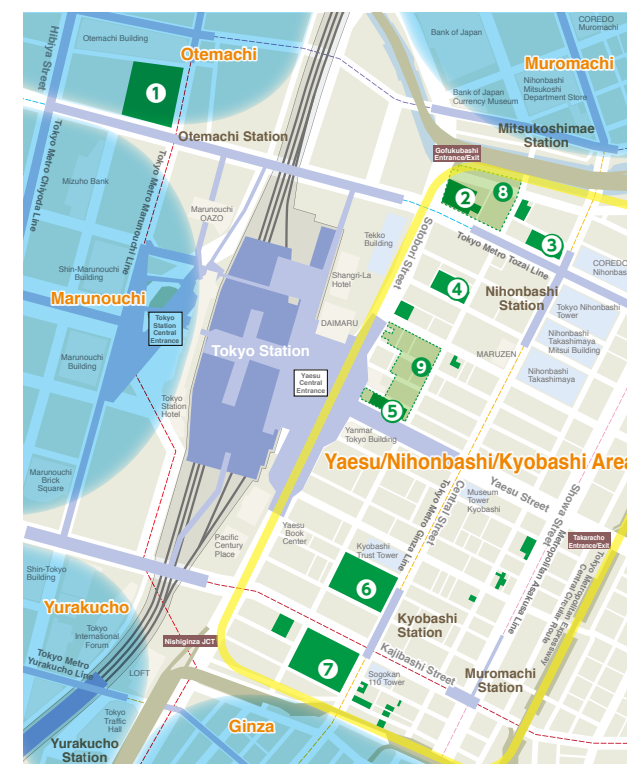
Site area Approx. 8,131.39 m²
 Total floor area Approx. 117,460.96 m²
 Principal uses Office, store, clinic, assembly hall, showroom, car warehouse
 Completed in 2013



Top level of environmental performance in Japan

The building utilizes natural and renewable energy sources, deployed advanced technologies such as LED lighting and natural ventilation system, and provides an energy conservation visualization tool to share environmental awareness with tenants, and all building stakeholders promote the energy conservation activities together.

Materiality issues to be addressed Harmony with nature
 Reduce environmental impact



③ Tokyo Tatemono Nihonbashi Building



① The Otemachi Tower

- ① The Otemachi Tower
- ② Shin-Gofukubashi Building
- ③ Tokyo Tatemono Nihonbashi Building
- ④ Tokyo Tatemono Yaesu Building
- ⑤ Tokyo Tatemono Head Office Building
- ⑥ Kyobashi Edo Grand
- ⑦ Tokyo Square Garden
- ⑧ Urban Redevelopment Project for Yaesu 1-Chome North Area (Gofukubashi Project)
- ⑨ Urban Redevelopment Project for Yaesu 1-Chome East Area in Front of Tokyo Station (Yaesu Project)

Contributing to Raising the Competitiveness of Tokyo through Large-Scale Redevelopment Projects

The Tokyo Tatemono Group is currently engaged in multiple development projects that contribute to the future growth of the international city of Tokyo. We will provide competitive office buildings by utilizing the assets we have owned from long ago close to Tokyo Station and through reconstruction of environmentally-conscious and

urban functions.

We believe that this development will increase the leasing profit of the group and we can contribute to raising the value of the existing properties by further increasing the charm of the YNK area.

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 aim to create a community that combines a collection of advanced urban functions appropriate for the land gateway to the international city of Tokyo and lively activities that pass the history and traditions on to future generations.

Site area Approx. 10,600 m²
 Total floor area Approx. 225,200 m²
 Principal uses Office, store, bus terminal, conference hall, medical facility, etc.
 Planned completion in FY2025

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

Enhancing the traffic hub function in front of Tokyo Station

This project constructs a large bus terminal that connects to the international airports and local cities, and builds aboveground/ underground pedestrian networks that connect Tokyo Station to the surrounding urban areas to alleviate aboveground congestion and improve the pedestrian environment.

Materiality issues to be addressed Strengthen and enhance city functions

Implementing urban functions that raise the international competitiveness and creating lively activities

This project builds an exchange facility, etc., connected to the life science business center in Nihonbashi, and constructs a primary medical facility connected to an advanced medical facility. The project also builds a conference facility that creates lively events and undertakes event activities.



Conference facility image

Materiality issues to be addressed Strengthen and enhance city functions
 Response to globalization



External view image



Low-rise part of the building along the Sakura Street and Yaesu Street

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

This project creates an advanced financial center that raises international competitiveness and designs an urban landscape appropriate for the gateway to the area along the Nihonbashi River in a highly accessible location close to the Nihonbashi entrance of Tokyo Station and directly connected to the Nihonbashi subway station entrance.

Site area Approx. 9,260 m²
 Total floor area Approx. 181,500 m²
 Principal uses Office, store, accommodation facility, parking lot, etc.
 Planned completion in FY2030 (south area), FY2035 (north area)

Creating a continuous water-front space and pedestrian network along the Nihonbashi River

This project undertakes various cooperative activities in an effort to move the metropolitan highway underground and creates a park space that symbolizes the Nihonbashi River exchange center. The project also builds underground passages that connect Tokyo Station, Otemachi Station, and Nihonbashi Station to enhance the underground pedestrian network.

Materiality issues to be addressed Strengthen and enhance city functions



Usage image



External view image

Advanced financial human resource support facility to support the urban MICE for international finance

This project builds an accommodation facility that can be comfortably used in various business settings, such as business meetings and exchanges, or after conventions, for advanced financial human resources that work in or visit the area around Tokyo Station.

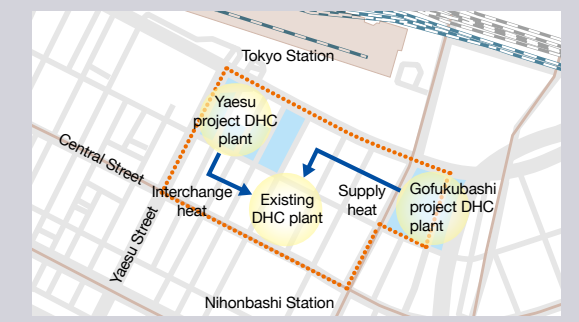
Materiality issues to be addressed Response to globalization
 Promote innovation



Promoting the energy utilization efficiency in the entire area

The Yaesu and Gofukubashi projects plan to deploy emergency-ready autonomous and distributed energy systems, such as cogeneration systems (CGSs), emergency generation facilities, etc. The projects build highly-efficient district heating and cooling (GHC) plants that combine the CGS, the direct use of waste heat from the CGS, a refrigerating system using waste heat, and a heat storage tank, with the aim to use the energy effectively by providing electric power and heat.

The projects promote the effective use of energy by connecting the Yaesu and Nihonbashi DHC plants.



Materiality issues to be addressed Reduce environmental impact

Promoting the Innovation Ecosystem

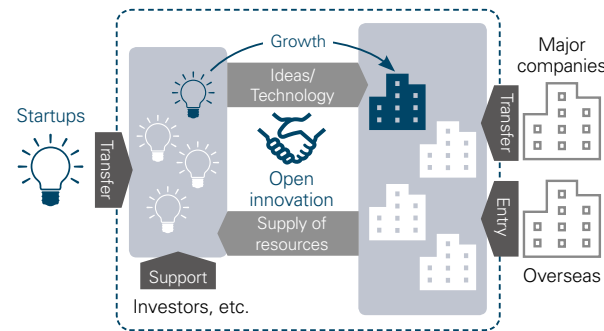
Tokyo Tatemono focuses not only on the hardware quality but also on improving the software service quality when developing buildings.

The Yaesu and Gofukubashi projects that are ongoing in the YNK area have pushed through regulatory reforms in a comprehensive and concentrated manner, so the YNK area is designated as a national strategic special zone which is intended to promote strengthening international competitiveness of industries and creating international economic activity centers. The innovation and growth in Japan as a whole can be greatly driven by developing this area as an optimum environment for the business, forming an international business center that attracts funds, human resources, and companies from around the world, and creating new businesses that have international competitiveness.

We aim to push forward the innovation ecosystem that further promotes the collection of major companies through the redevelopment of the YNK area, and at the same time, encourages the innovation in the entire area by

creating an activity center for startups and venture capitals and stimulating interaction among various companies and people inside and outside Japan. The innovation ecosystem accumulates initiatives that use the potential of the area by designating management issues of major companies and growth areas as priority categories, such as X-Tech, SDGs, food, and mobility.

Image of innovation ecosystem promotion through large-scale redevelopment projects and other initiatives



Case examples of existing innovation ecosystem initiatives in the YNK areas



City Lab Tokyo

This is an open innovation platform for sustainable urban and social development. This forum provides programs that tackle three perspectives: knowledge provision, community-building, and business creation support. The approximately 300m² of floor area at this facility includes meeting rooms, a salon, and rental spaces.



xBridge-Tokyo

This startup studio aims to support the creation and growth of startups, as well as the formation of a community where users can share knowledge and expertise with each other.



Kitchen Studio SUIBA

A kitchen studio using cuisine as catalyst for liveliness. This facility encourages liveliness through food content, which naturally drives the creation of communication, regardless of generation or gender.



TOKYO FOOD LAB

A community hub offering food education and hands-on experience in a cutting-edge plant factory. Fusing technology, science, and chef's creativity, TOKYO FOOD LAB aims to solve social problems shared globally and to build communities that support the SDGs.

Issuing Sustainability Bonds

The Tokyo Tatemono Group has issued sustainability bonds* to fund the urban development projects of the group ongoing in the YNK area that contribute to solving social issues, such as the Yaesu and Gofukubashi urban development projects and the initiatives to form the innovation ecosystems.

We aim to widely communicate the group's sustainability initiatives by issuing the bonds. Issuance of bonds for the purpose of solving social issues and environmental sustainability is a first in the real estate sector in Japan.

* Bonds where the proceeds are applied to projects which have both aspects: (1) solve social issues (social aspect) and (2) have environmental improvement effects (green aspect).

	31st unsecured bonds (subject to a limited inter-bond pari passu clause) (sustainability bond)	32nd unsecured bonds (subject to a limited inter-bond pari passu clause) (sustainability bond)
Maturity of issues	5 years	10 years
Issue amount	20.0 billion yen	20.0 billion yen
Interest rate	0.220%	0.500%
Issue date	July 16, 2020	
Credit rating	A- (Japan Credit Rating Agency, Ltd. ("JCR"))	
Use of proceeds (framework)	Urban development projects to contribute to solving social issues in the YNK area (1) Yaesu Project (2) Gofukubashi Project (3) Tokyo Square Garden (4) Tokyo Tatemono Nihonbashi Building (5) City Lab TOKYO (6) TOKYO FOOD LAB (7) xBridge-Tokyo/xBridge-Tokyo Next (8) Kitchen Studio SUIBA (9) TOKYO IDEA EXCHANGE	

We aim for urban development that creates new added value by maximizing our strengths

The YNK area is located in front of Tokyo Station, a large terminal station that connects to international airports and local cities, and has very high accessibility. In the meantime, the area is a center of commerce and culture continuing from the Edo period. It is a very rare area where the history and traditions inherited through the unified efforts of the people of the community are still thriving.

Many redevelopment projects are currently going on in the YNK area. To survive the ever-increasing competition between cities inside and outside Japan, we need a perspective to increase the value of the entire area instead of focusing only on promoting individual projects. Furthermore, our awareness of work style has been changed by COVID-19. The meaning and value of having an office have gained more importance than ever. I believe importance in the urban development of the entire area will increase in the future.

We are engaged in urban development that creates new added value by utilizing the unique charm of the YNK area. We have therefore formulated the urban development vision of the YNK area, which is an internal vision, with the concept of "community where the traditional and modern co-exist." We want to communicate the successful co-existence of a new cityscape created by the development and an old cityscape with history. We are currently engaged in two large-scale redevelopment projects, the Yaesu project and the Gofukubashi project. We are focusing on the initiative to increase the charm and competitiveness of the area. We believe that we can attract more people to this area

by enhancing the function to respond to globalization, such as theaters that increase the charm of culture, and facilities that support international finance. We also focus not only on hardware but also on software initiatives. We want to continue various efforts in connection with the large-scale redevelopment projects, such as supporting startup venture companies and building an open innovation facility.

This development absolutely requires cooperation with redevelopment association members, local residents, companies in the area, and the government. We have spent a considerable amount of time on discussions with many stakeholders. The confidence and expertise cultivated through this process is a great strength for us. We will undertake urban development and increase the value of the entire area by assuming the role necessary to realize the future vision.

Managing Officer and
General Manager of Urban
Development Department

**Shinjiro
Kobayashi**



Summary: 2015-2019 Medium-Term Business Plan

Our medium-term business plan covering the five years leading to fiscal 2019 (2015-2019) defined our vision for the Tokyo Tatemono Group to be the continued leading choice. Under this plan we maintained an awareness of both profit growth and discipline in our financial management, outperforming our initial targets. As a result, we achieved operating income of ¥52.4 billion, a debt-equity ratio of 2.5 times, and a 12.6 times interest-bearing debt to EBITDA multiple.

Fiscal 2015-2019 Plan

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

Providing amazing value through innovative group synergies

To continue being the leading choice of customers, we aim to deliver unexpected, exciting value by engaging in business development that pursues quality in hard (finished products) and soft (services offered) aspects through organic cooperation across a diverse range of businesses.

Quantitative Targets and Performance Results

Quantitative Targets

FY2019 Target		Financial Targets	
Consolidated operating income	¥50.0 billion	Debt-to-equity ratio*	3.0 times
		Interest-bearing debt / EBITDA multiple*	13.0 times

*Debt-to-equity ratio = Consolidated interest-bearing debt ÷ Consolidated equity capital

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

Key Results

	Results: Fiscal Year Ended 2019/12	Evaluation (Positive Results, Issues to Address)
Profit	Operating income: ¥52.4 billion	<ul style="list-style-type: none"> Operating income up 72% from ¥30.5 billion in fiscal 2014, marking the highest profit in two consecutive years since 2018 Achieved profit growth exceeding initial targets
Financial Indicators	Debt-equity ratio: 2.5 times Interest-bearing debt / EBITDA multiple: 12.6 times	<ul style="list-style-type: none"> We engaged in management with an awareness of financial discipline, raising funds by utilizing a favorable financial environment
Capital Efficiency	ROE: 8.2%	<ul style="list-style-type: none"> Year-on-year profit growth, up from 5.6% in 2015 We must continuously improve profitability and turnover rate to maintain and improve current profit levels in a stable fashion
Shareholder Return	Annual dividend per share: ¥41.0 Consolidated payout ratio: 29.0%	<ul style="list-style-type: none"> Profit growth led to six consecutive years of increased dividends Repurchased ¥10 billion in shares in 2019 (canceled on January 31, 2020)
Investment	Cumulative net investment: ¥350 billion (Medium-term plan: ¥300 billion)	<ul style="list-style-type: none"> Focused on return on investment and conducted highly-selective investments Secured projects that will contribute to profits in the next medium-term plan onward while also achieving profit growth

Key Strategies and Results

Key Strategies

By focusing on these three strategies, we will continue to strengthen our earnings power by building a business portfolio with high growth potential.



Major Results



Issues to Address in the Future

- Strengthen businesses other than the Commercial Properties and Residence Businesses further
- Strengthen business portfolio and asset composition, contributing to maintaining and improving capital efficiency
- Respond to growing societal awareness of ESG

New Medium-Term Business Plan (Fiscal Years 2020-2024)

Looking at the business environment surrounding the group, we see great changes in a number of areas, including intensified international competition between cities, diversification of lifestyles, advancements in digital technology, and increased awareness of ESG.

Aiming to achieve sustainable growth across the entire group in this business environment, we have formulated our long-term vision (see P.4-7) looking ahead to 2030 (the target year for the Sustainable Development Goals and the approximate time when a number of our large-scale redevelopment projects will be completed), as well as our medium-term business plan for FY2020 to FY2024.

We will pursue our medium-term business plan goals and achieve our long-term vision through initiatives that contribute to the evolution of ESG management and the promotion of our five key strategies (see P.24-25).

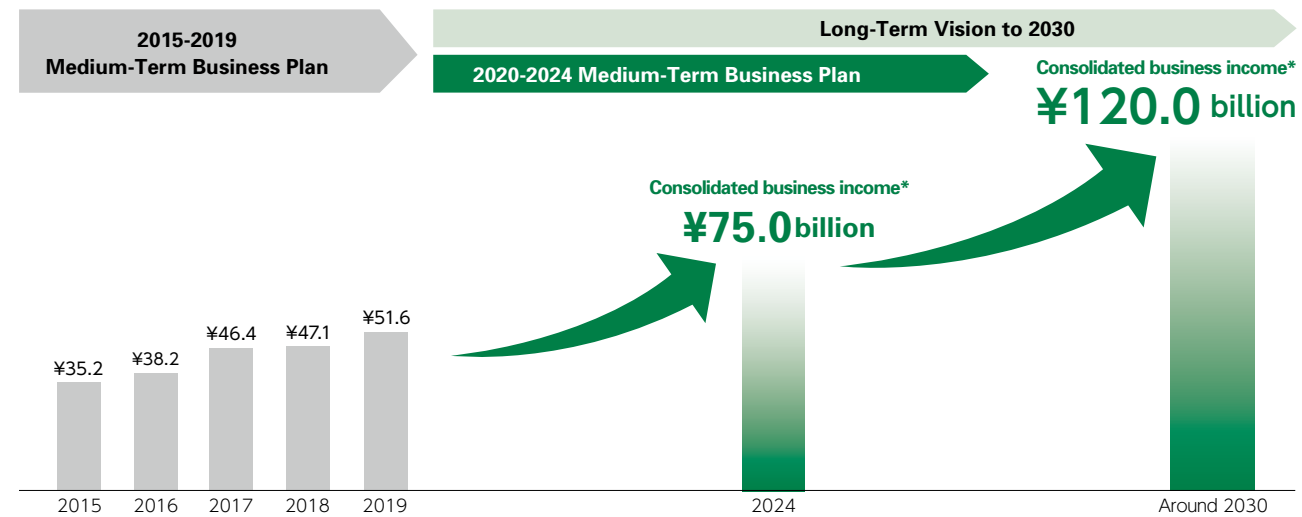
Positioning of the Medium-Term Business Plan

In the first step toward achieving our 2030 long-term vision, we have established a five-year period from 2020 to 2024 for our medium-term business plan.

We will target a milestone of ¥75.0 billion in consolidated

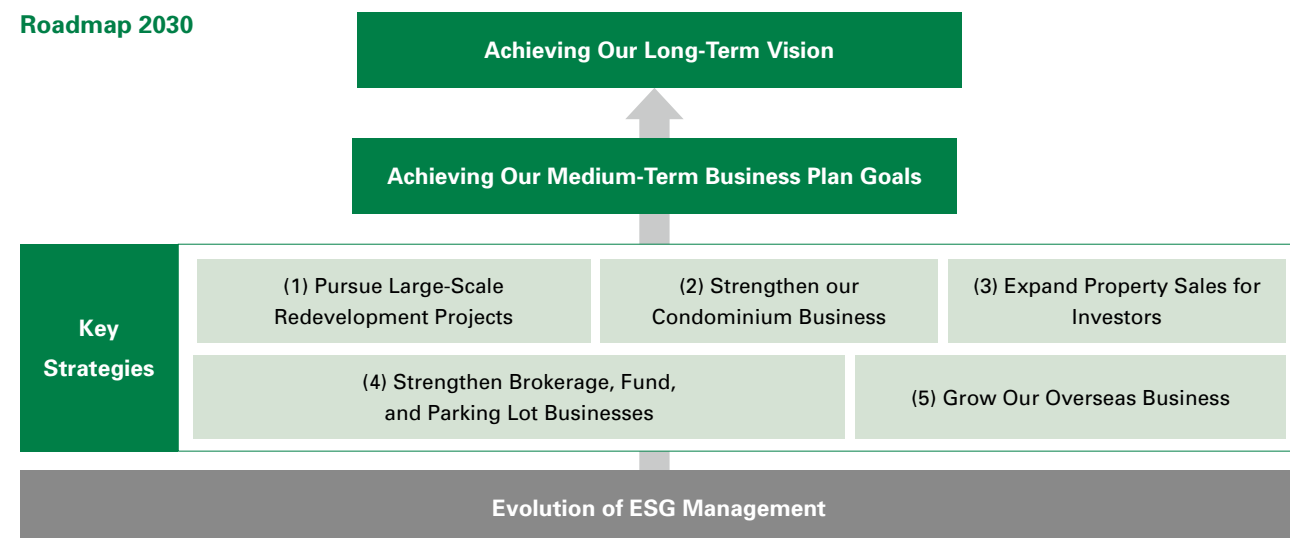
business income for fiscal 2024, advancing our five key strategies and initiatives that contribute to an evolved approach to ESG management.

Medium-Term Business Plan and Consolidated Business Income



*Consolidated business income = consolidated operating income + equity gains (losses) of affiliated companies

Roadmap 2030



Financial Plan

Our target for profit is ¥75.0 billion in consolidated business income for fiscal 2024.

Our targets for ROE, debt-equity ratio, and interest-bearing debt to EBITDA multiple are as provided below.

We believe these targets will lead to business portfolio optimization in consideration of capital efficiency and fiscal discipline.

FY2024 Figures

Profit Target	Capital Efficiency	Financial Indicators
Consolidated business income* ¹ ¥75.0 billion	ROE 8-10%	Debt-equity ratio* ² : Appr. 2.4 times Interest-bearing debt / EBITDA multiple* ³ : Appr. 1.2 times

*1 Consolidated business income = consolidated operating income + equity gains (losses) of affiliated companies

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

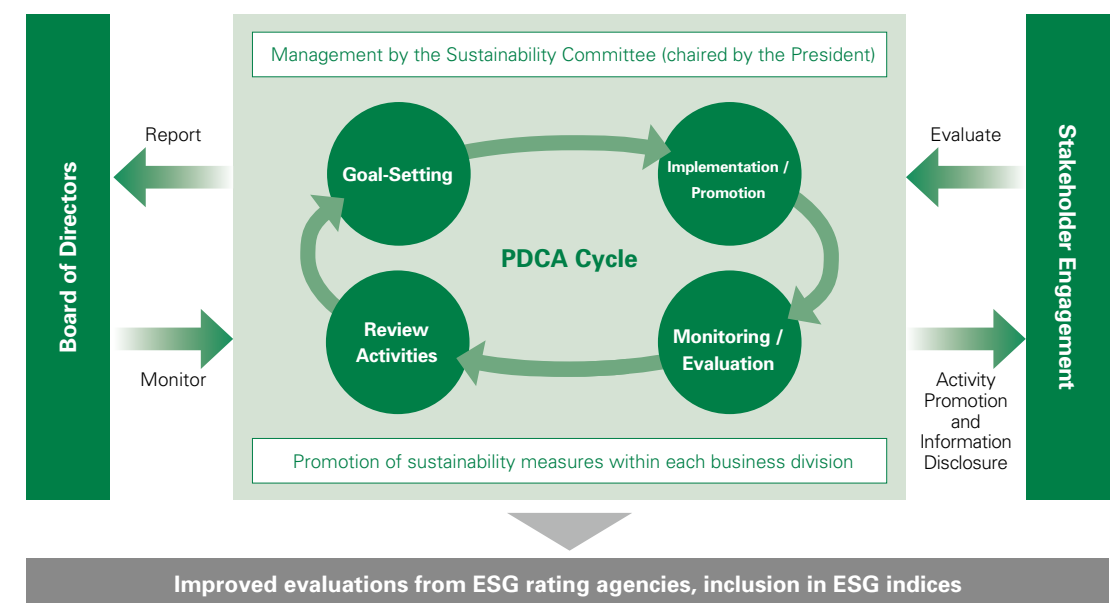
*3 Interest-bearing debt / EBITDA multiple = interest-bearing debt / (operating income + interest & dividend income + equity gains (losses) of affiliated companies + depreciation expense + goodwill amortization expense)

Evolution of ESG Management

To promote sustainability initiatives across the group, we have established a Sustainability Committee, which works with business divisions to set goals, monitor progress, and evaluate performance levels. We manage ongoing

sustainability measures using the PDCA cycle. In addition, we aim to leverage the positive evaluations have received from ESG rating agencies as benchmarks for our inclusion in ESG indices.

Promotion System for Sustainability Measures



Aims of Our Five Key Strategies

Key Strategies (1) Pursue Large-Scale Redevelopment Projects

We engage in initiatives to pursue large-scale redevelopment projects and improve the attractiveness of the respective areas surrounding these projects, aiming to increase the value of our entire office building portfolio and expand the flow of stable rental income.



Yaesu Project

Gofukubashi Project

Community-Building That Contributes to Solving Social Issues

- Contributing to solving issues across wider areas and future generations, while respecting local history and culture
- Contributing to a sustainable society by reducing our environmental footprint, engaging in stronger measures against natural disasters, and more
- Creating active hubs to foster rich, diverse, active communities
- Creating new value by collaborating with diverse partners and leveraging advanced technologies

Aiming to grow our office building portfolio by solving social issues to improve the attraction of surrounding areas

Key Strategies (2) Strengthen our Condominium Business

Redevelopment and rebuilding will be our tools enabling a continuous cycle of acquisition for opportunities to develop highly-competitive condominiums, providing high-quality housing in response to social changes.

Acquiring Development Opportunities Leveraging Redevelopment/Rebuilding Techniques

- Acquisition of business opportunities in highly-convenient locations
- Development of high value-added housing (complexes, etc.)
- Redevelopment of real estate stock, developing favorable living environments

Providing High-quality Housing

- Homes that accommodate diverse values and lifestyles
- Safe, secure homes that are environmentally-friendly and natural disaster-resistant
- Homes leveraging advanced technology from diverse partner base

Leverage deep experience and know-how to provide contemporary housing and further strengthen the condominium business



SHIROKANE The SKY



Brillia Tower Nishijin



Minato Ward Kaigan 1-chome Rebuilding Project

Key Strategies (3) Expand Property Sales for Investors

Through proactive investment in a broad pool of asset types, including logistics facilities, rental apartments, and hotels, we will continue to seize development opportunities and dynamically sell properties to generate profits.



T-LOGI Kuki



Brillia ist Komagome

Development of Assets for the Real Estate Investment Market

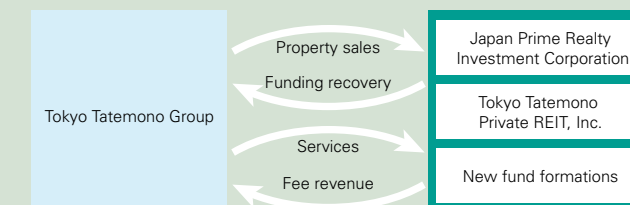
- Developing diverse assets in line with changing real estate investment needs
- Realizing high profitability through not only the Company's track record and know-how in real estate operation, but also through cooperation with a wide range of external operators
- Contributing to healthy development of the real estate investment market by supplying high-quality assets

Continuous acquisition of development opportunities in response to real estate investment needs, Contribution to stable profit by development of high-quality assets

Key Strategies (4) Strengthen Brokerage, Fund, and Parking Lot Businesses

We will strengthen our brokering and parking lot businesses with a focus on expanding our portfolio of real estate stock and effective utilization needs. Our fund business will be strengthened by expanding the sale of properties to investors; for instance, to REITs sponsored by the company.

Expanding Group profit opportunities by strengthening the fund business



Contributing to a Stock-based Society with Real Estate Services Investment Market

- Distributing real estate stock through the brokerage business, corporate growth and improved asset efficiency through corporate real estate (CRE)
- Providing investment products utilizing Company developed/held assets
- Effectively leveraging real estate through the parking lot business and more

Expansion of brokerage, fund, and parking lot businesses capturing real estate effective use and investment needs

Key Strategies (5) Grow Our Overseas Business

We will collaborate with leading local partners, primarily in China and other Asian countries, in aiming to acquire new business opportunities centered mostly on condominiums with quick turnover.



Xuzhou Qiaohu Project (Xuzhou City, China)

Target Areas

- China: Primarily develop second & third-tier cities with strong tiers of consumers with actual demand (CRE)
- Other Asian countries: Primarily develop countries where we have an existing footprint

Investment Policy

- Invest in condominium businesses with quick turnover in interest of risk management
- Deepen collaborative relationships with leading local partners, leading to new business opportunities

Risk Management

- Further strengthen management systems to aid new and expanded business initiatives in light of diverse risks in doing business overseas

Message From the CFO



**Director
Managing Executive Officer
Katsuhito Ozawa**

Q Please give us a summary of your FY2019 financial results and progress during the previous medium-term business plan (FY2015-2019).

In FY2019, consolidated operating revenue reached a record high for a third consecutive year. Consolidating operating income reached a record high for a second consecutive year. I believe it was a year of positive financial results befitting the close of our medium-term business plan. Through this plan, which covered a five-year period rather than a traditional three-year plan, we set goals and worked as a unified Group in pursuit of our vision for the Tokyo Tatemono Group to continue to be the leading choice, providing amazing value through innovative Group synergies. We achieved significant profit growth primarily through the two pillars of the Commercial Properties and the Residence Businesses. Consolidated operating income increased 72% compared with FY2014 to ¥52.4 billion, clearing our profit target of ¥50 billion. Furthermore, in order to firmly maintain financial discipline while advancing our growth strategy, we set target indicators of a debt-equity ratio of 3.0 times or less and interest-bearing debt/EBITDA multiple of 13 times or less. Actual FY2019

performance was 2.5 times and 12.6 times, respectively, achieving both targets. ROE also improved steadily, from 5.6% at the end of 2015 to 8.2% at the end of 2019. We will continue to practice management with an awareness of capital efficiency, which we will strive to improve steadily by optimizing our business portfolio and asset composition. In the previous medium-term plan, we worked to *build a business portfolio with high growth potential* to create a foundation for sustainable growth in 2020 and beyond. Particularly in the Commercial Properties Business, we acquired properties that could serve as seed sites for future redevelopment. At present, we are involved in seven large-scale redevelopment projects, including projects in the Yaesu area. In the Residence Business, we are strengthening our integrated production, sales, and management services, focusing on redevelopment and rebuilding businesses. We are advancing a number of projects that will become a source of future growth, while still producing profit growth in the meantime. We have worked to expand our stock of property for sale to investors, including urban compact commercial facilities, hotels, logistics facilities, medium-sized offices, condominium

buildings for rent, and others. As a result, the balance of real estate for sale excluding condominiums for FY2019 expanded to ¥205.3 billion, while stock rose to nearly ¥300 billion on a total investment basis. This figure includes construction costs for projects under development. Even though our core Commercial Properties Business and Residence Business achieved significant profit growth, our evaluation is that growth in other businesses was insufficient. We intend to strengthen these areas for further growth.

Q Please tell us about your financial strategy under the long-term vision and new medium-term business plan (FY2020-2024) announced in 2020.

We announced a long-term vision looking ahead to 2030 to strengthen our management foundation from a long perspective, while also considering issues left over from our previous medium-term plan. The vision of *Becoming a Next-Generation Developer* represents our intent to solve social issues and secure firm profit growth at a higher level. This vision also represents where we want to be as a company ten years from now. Our plan defines two basic policies for profit growth.

The first is to *expand stable leasing profit in a stable manner, making this source of income the core of our profit composition*. Balancing profitability, efficiency, and stability, we manage our business portfolio by classifying them in three categories according to profit characteristics: leasing, property sales, and services. We plan to complete the seven current large-scale redevelopment projects undertaken by the Group in or around the year 2030. As a result, we plan to increase profits significantly in the leasing category to more than 50% of the Group's profit structure. The second basic policy is to *target a well-balanced profit structure, mindful of capital efficiency*. In addition to expanding leasing income, we believe it is also necessary to strengthen our property sales category, which contributes to improving our total asset turnover ratio. We also want to strengthen our services category, which is linked directly to improving capital efficiency. Furthermore, we intend to work on *optimizing our business portfolio and asset composition* through initiatives that including reviewing our asset portfolio as necessary with an eye toward improving return on assets (ROA).

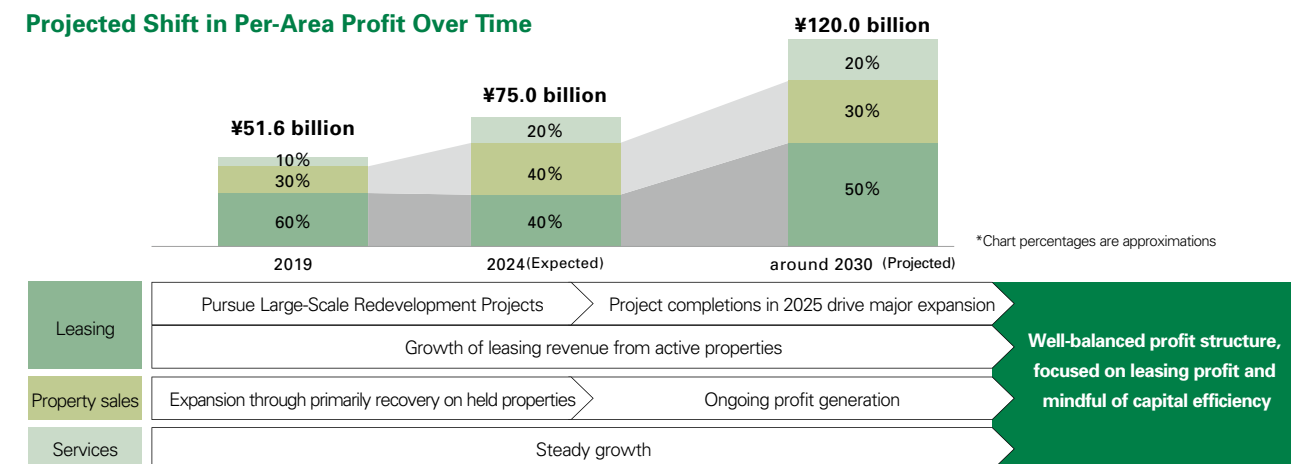
Business Portfolio Concepts

Business classification and management by profit characteristics, with awareness of the balance between profitability, efficiency, and stability		
	Profit Type	Characterized By
Leasing	Profit from leasing offices, condominiums, etc.	Highly-stable profit Requires significant investment
Property sales	Development profit, acquired from sale of properties held	Highly-volatile profit High capital efficiency
Services	Fee revenue from facility management/operation, provision of services	Highly-stable profit Does not require significant investment

Key Strategies and Profit Sources

Key Strategies	Profit Source
(1) Pursue Large-Scale Redevelopment Projects	Leasing
(2) Strengthen our Condominium Business	Property sales
(3) Expand Property Sales for Investors	Property sales
(4) Strengthen Brokerage, Fund, and Parking Lot Businesses	Services
(5) Grow Our Overseas Business	Property sales

Projected Shift in Per-Area Profit Over Time



The new medium-term business plan for the five years beginning 2020 serves as the first half of our roadmap to 2030.

We are currently in the development phase of seven large-scale redevelopment projects. Therefore, we have positioned property sales and services categories as pillars of future revenue.

We will act with greater opportunism in profit generation by diversifying asset types, a measure we implemented during the previous medium-term plan. In so doing, we are creating a foundation for stable profit growth. At the same time, we plan to strengthen our overseas businesses and initiatives in property sales to investors, as well as accelerate growth in our brokerage, funding, and parking lots businesses. Our target for fiscal 2024 is to reach ¥75 billion in consolidated business income.

We expect net investments over these five years to amount to ¥500 billion, representing a major expansion in investment compared with our previous medium-term plan, as we expand investments for large-scale redevelopment projects. However, our basic investment policy has not changed. We will *acquire high-quality projects using a keen, selective eye for*

investment, and avoid irrational investments that focus solely on more property sales or higher prices/rents.

The essence of financial strategy is maintaining a sound financial position.

Maintaining a sound financial position means being resilient under a variety of changes in the environment. By the same token, a sound financial position means maintaining a capacity to make investments when required. Even in times of market sluggishness, maintaining ample investment sources ensures we will not miss good investment opportunities.

We also believe that the optimal debt-equity ratio will vary depending on the scale of total assets and the quality of those assets.

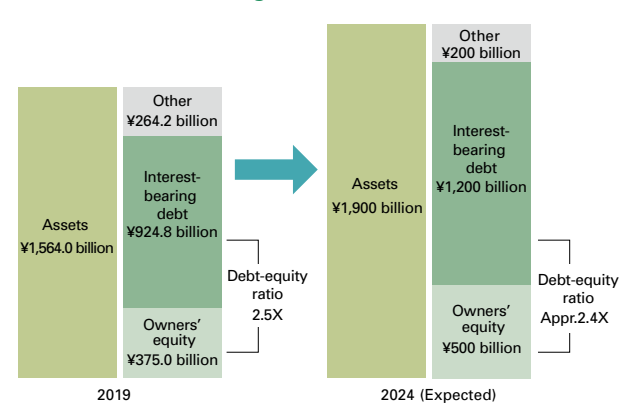
Under the new medium-term plan, total assets are expected to increase by about ¥350 billion to ¥1,900 billion. Keeping a watchful eye over the balance of assets and liabilities, we have set this financial indicator at about 2.4 times, slightly lower than the FY2019 level of 2.5 times.

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

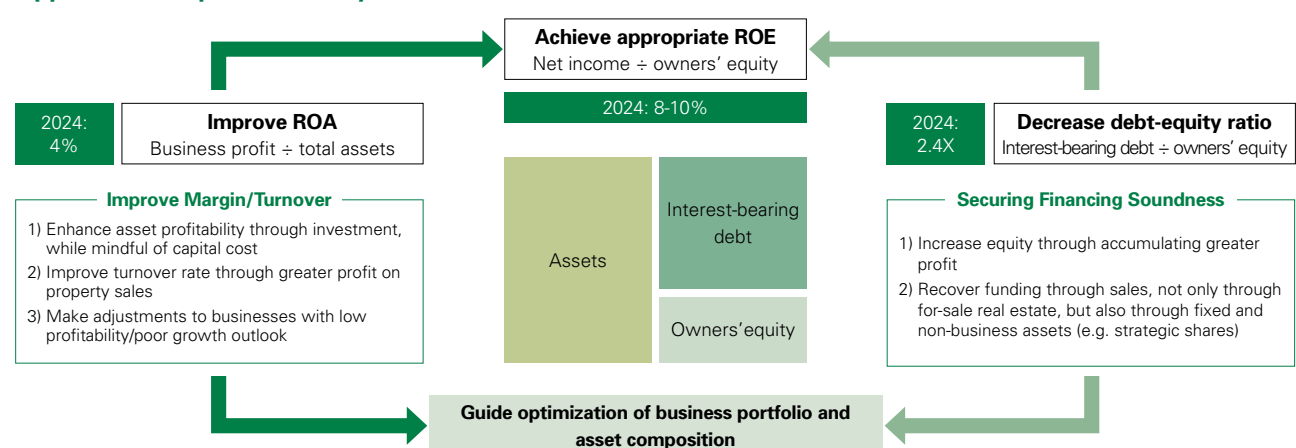
Medium-term Investment Plan (Cumulative)

Unit: Billion yen	
Gross investment total	1,400
Investment in large-scale redevelopment	230
Investment in condominium projects	430
Investment in properties for sale to investors	550
Investment in the overseas business	70
Other	120
Recovered	900
Net investment	500

Balance Sheet Changes



Approach to Capital Efficiency



To improve capital efficiency, we will pursue growth in the property sales and services categories. At the same time, we will review businesses that are less profitable or that have poor growth prospects, reduce cross-shareholdings, and sell fixed assets to create an optimal asset composition over time.

Q What are your thoughts on shareholder return and what message do you have for investors?

The Group has been consistent in providing shareholder returns that allow for growth investment, while maintaining and improving a stable dividend level. We have made no changes to this fundamental approach.

We have set a payout ratio target of at least 30%, reflecting the current and expected future business environment, as well as our business development and financial plans.

We seek to offer stable and growing dividends through steady profit growth.

We will also consider stock buybacks based on the business environment and our financial situation. Here, we will make opportunistic and flexible decisions designed to improve our capital efficiency further.

We believe that the most important aspect of our relationship with shareholders and investors is information disclosure and active dialogue.

By providing a wide range of opportunities for dialogue and sincerely listening to shareholder and investor feedback and perspectives, we can leverage this information in our business decisions, achieving the dual goals of *solving social issues*

and growing as a company at a higher level. This approach is a great help to us in becoming a *good company* for all of our stakeholders.

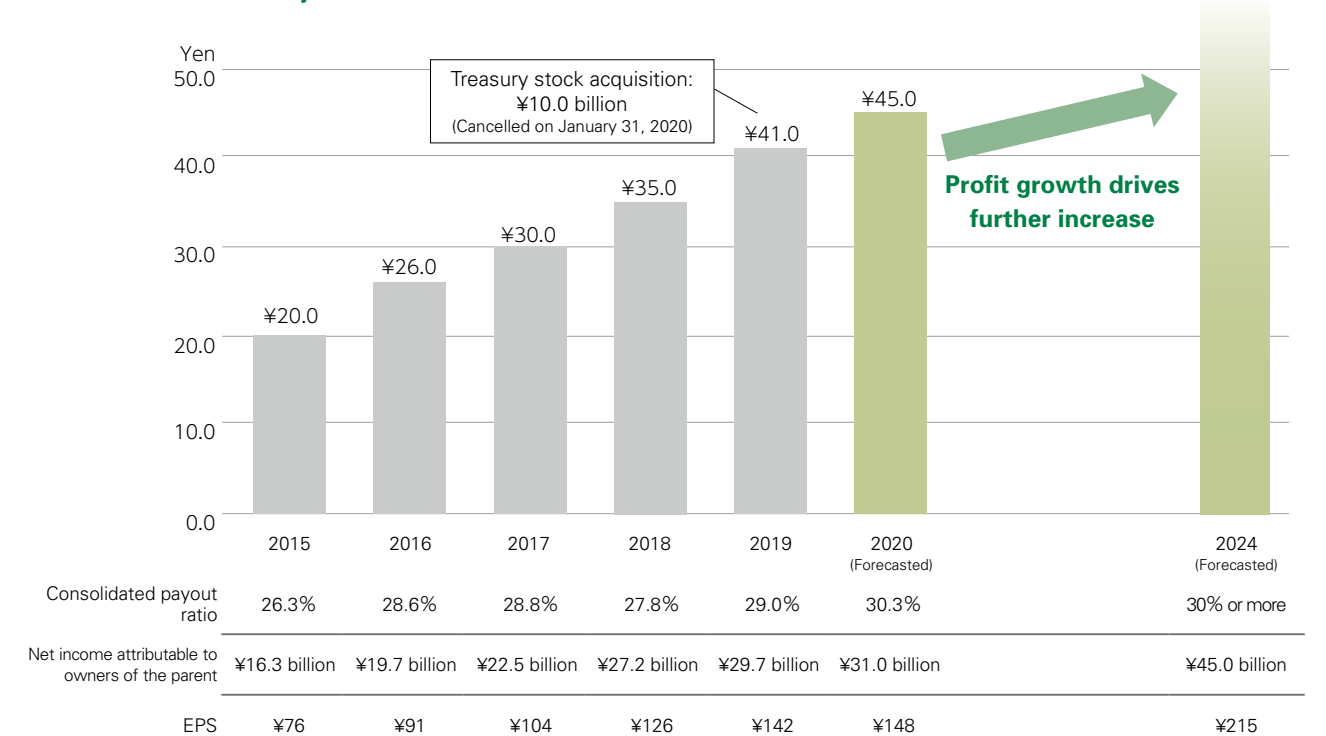
The Group has continued to hone our capabilities for stable and sustainable growth. At the same time, we strive for greater resilience in times of recession, based on the lessons of past experiences.

We launched our new medium-term plan in 2020, already facing a great headwind from the global COVID-19 pandemic. I am convinced that this turbulent time is a test of our true capabilities in solving social issues, growing as a company, and improving our corporate value.

We hope that the Tokyo Tatemono Group will continue to draw attention and positive expectations.



Shareholder Return Projection



Commercial Properties Business



Director & Senior Managing Executive Officer
Division Director of Commercial Properties Business Division
Kengo Fukui

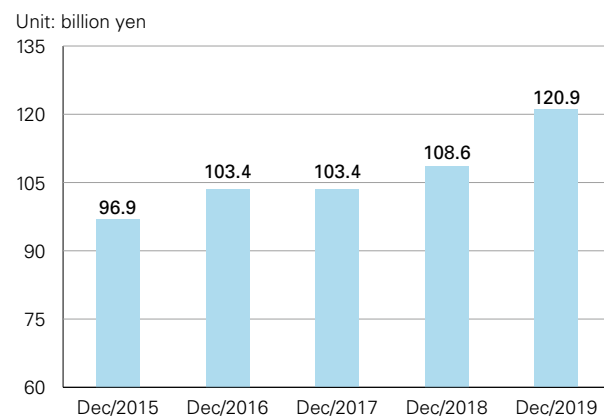
The Commercial Properties Business is engaged in the development, management, and operation of office buildings and other properties, as well as the promotion of tenant relations and urban development in cooperation with local communities.

In the new medium-term business plan, we have positioned the promotion of large-scale redevelopment projects as one of the key strategies and we focus on promoting multiple redevelopment projects to be completed by around 2030. We aim to contribute to solving local social issues through urban development by fostering rich local communities by creating bustling hubs, reducing our environmental impact, and strengthening measures against natural disasters, with the aim to increase the competitiveness of not only individual projects, but also the entire area and city. We also contribute to constantly increasing leasing profit by identifying changing work style needs and providing hard and soft services that continue to be chosen by customers, and by increasing the competitiveness of our office buildings including active properties. We will also significantly grow the business to sell properties to investors from now to 2024, which is another key strategy. We have actively seized development opportunities for various asset types such as logistics facilities and medium-sized office buildings to suit the social changes such as real estate investment and use needs, but from now, on we will achieve a high asset efficiency by further expanding strategic investment and selling properties quickly. We aim to contribute to solving social issues and increasing the allure of the area through urban development, with the aim of further strengthening profitability by pursuing both goals: management of stable assets centered on large-scale redevelopment projects and high asset efficiency through strategic investment and sale.

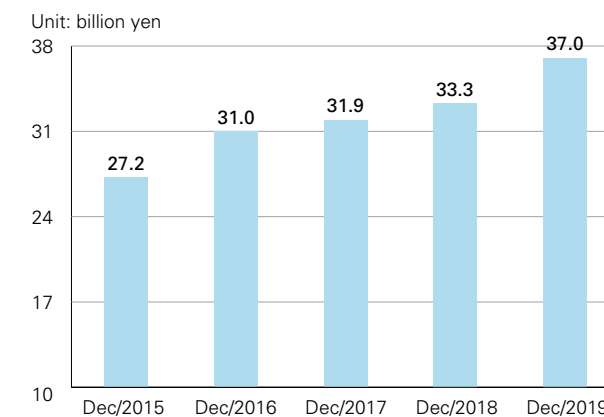
Group Companies

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

Changes in operating revenue



Changes in operating profit



Long-term holding business



The Otemachi Tower

Business description

We provide services, such as facility management, building maintenance, and maintenance/remodeling, in addition to businesses, such as urban development and office building development /management, centered on the international city of Tokyo.

The entire group is engaged in providing not only quality hard services but also safe, secure, and comfortable soft services for office building users.

Category	Item	Details
Business environment	Opportunity	<ul style="list-style-type: none"> ● Diversification of the work style and office needs aimed at higher productivity ● Higher level of office needs in an attempt to retain and hire talents and ensure BCP ● Increase in business opportunities for large-scale redevelopment associated with the easing of regulations
	Risk	<ul style="list-style-type: none"> ● Increasing international competition between cities and areas ● Changes in the office needs associated with the spread of remote work ● Rising construction and other costs due to a labor shortage
Advantage		<ul style="list-style-type: none"> ● Strong track record and expertise in large-scale redevelopment projects ● Track record in area management activities that raises the value of the area and strong tenant leasing activity ● A highly competitive portfolio of a large number of office buildings owned by the group in excellent locations at the city center and in particular around Tokyo Station

Future strategy	Details
	<ul style="list-style-type: none"> ● Provide office buildings of choice by developing new office buildings to adapt to the diversification of work styles and by enhancing services ● Promote area management to increase the allure of the Yaesu/Nihonbashi/Kyobashi and other areas where the group owns buildings, and further strengthen competitiveness ● Promote the large-scale urban redevelopment projects around the Tokyo Station and other excellent locations at the city center to expand the revenue base

Further strengthening the office building portfolio

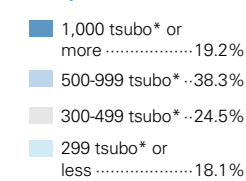
Medium-term business plan key strategy (1)

Office building needs are diversifying with changing work styles. For example, there is a growing demand for BCP-ready buildings with good environmental performance. However, demand for new, large, and accessible office buildings is still high. We have a competitive office building

portfolio in this respect. We will further strengthen our office building portfolio through urban redevelopment on prime locations at the city center to expand the stable revenue basis.

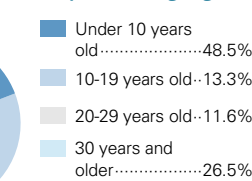
Office building portfolio at the end of June 2020

Breakdown of leasable space by standard floor space

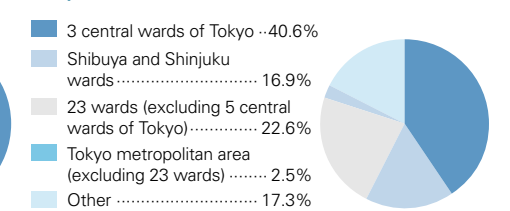


*1 tsubo = approx. 3.3m²

Breakdown of leasable space by building age



Breakdown of leasable space by area of location



Green office building development

Medium-term business plan key strategy (1)

Implementation of green office buildings meets the tenant needs and contributes to increasing the allure of the entire area. In the office buildings owned and managed by the group, we have undertaken a variety of initiatives to reduce greenhouse gas emissions, such as using energy-saving equipment, improving operation methods, and actively using LED lighting.

We are also actively obtaining external evaluation. For example, Hazera Tower completed in May 2020 has been awarded the certification for five stars, which is the highest rank in the overall building evaluation of the energy conservation performance labeling system (BELS), and the ZEB Ready for the partial evaluation for office use*¹. It was the first project to obtain ZEB Ready certification*² for a super high-rise multipurpose building*³.

*¹ Use energy consumption performance calculation program (non-resident version) Ver.2.7.1 (commonly called WEBPRO)

*² Based on the BELS example data list on the website of the Japan Housing Performance Evaluation and Display Association (as of the end of June 2019)

*³ Building height of 150m or more



Hazera Ikebukuro

Promoting urban development activities

Medium-term business plan key strategy (1)

We also focus not only on developing and managing buildings, but also on stimulating events in the area and creating space where people mingle with each other through area management activities.

For example, Nakano Central Park, a lush, three-hectare public park nestled between and established by universities and government offices, hosts a variety of events, including flea markets, workshops, and summer festivals. We are also implementing disaster-resistant urban development by working together with tenants to increase disaster awareness by conducting a fire-fighting drill simulating an earthquake disaster.

We believe that these kinds of initiatives in cooperation with local communities contribute to increasing the allure of the areas around the buildings owned by the group, solving social issues, and strengthening tenant relations.



Flea market held in Nakano Central Park

Providing office buildings to suit new work styles

Medium-term business plan key strategy (1)

We have launched a working group, which is working in an effort to develop and provide office buildings of choice, which adapt to changes in the work style aimed at higher productivity and changes in the office needs that are happening with the use of AI/IoT technologies. We are engaged in various initiatives. One example is to use a variety of layouts based on the Activity Based Working (ABW) concept in the new head office, to which our head office function was transferred in May 2020.



Internal view of the new head office

Development business for investors



FUNDES GINZA

Business description

We are engaged in a business focusing on both the needs of people living and working in surrounding areas and the needs to invest in real estate. We develop properties to suit location conditions and regional characteristics; specifically, we develop commercial facilities and hotels in city centers, medium-sized office buildings in local city centers, and logistics facilities that cover the needs from neighboring areas adjacent to the city centers to the suburbs. We start the operations of the properties and then sell them to investors.

Business environment	Opportunity	<ul style="list-style-type: none"> ● Diversification of the real estate utilization needs associated with changes in society, such as the expansion of e-commerce market and in-bound market ● Expansion of real estate investment needs and assets for investment
	Risk	<ul style="list-style-type: none"> ● Changes in the environment to acquire sites due to the increasing competition ● Weak investment market associated with changes in the real estate investment environment
Advantage		<ul style="list-style-type: none"> ● A variety of information sources such as financial institutions and existing business partners, in addition to the group network ● Development track record and expertise of various asset types, and strong tenant leasing activity

Future strategy	<ul style="list-style-type: none"> ● Seize further development opportunities by seizing projects utilizing information sources ● Develop buildings for a variety of asset types to suit location characteristics and demands in cooperation with a broad range of operators ● Gain development profits by selling properties quickly while monitoring the market environment and performance after the development
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Asset development by identifying changes of the times

Medium-term business plan key strategy (3)

We plan and develop properties to suit location conditions, regional characteristics, and use and investment needs by seizing a variety of development opportunities utilizing the group's information sources. We are actively engaged in the logistics facility development business to meet the needs of the expanding e-commerce market of late. We gain high profitability by building an operation management system that meets the requirements of preferred tenants, in addition to our real estate development expertise. We start the operations of the developed properties and then sell them to REITs and funds quickly to contribute to creating stable profits and the healthy development of the real estate investment market.



T-LOGI Kuki

Residence Business



Director and Managing Executive Officer
Division Director of Residence Business Division
Hideshi Akita

In the residence business, we are engaged in the condominium business with focus on the “Brillia” brand, whose brand concept is refinement and comfort. We provide high quality condominiums with our integrated system of production, sales, and management. Our attention to strict quality control, continuously hosting events after the residents moved in, and other various initiatives support the “Brillia” quality and increase the customer rating. Under the new medium-term business plan, we have set a target of further strengthening the condominium business. We will seize development opportunities in very convenient locations by utilizing our redevelopment and rebuilding techniques, and we will become engaged in the development of high value added housing projects such as complex development projects. We also focus on providing good quality nature and environment conscious housing utilizing advanced technologies to adapt to social changes. We will continuously win highly competitive projects by utilizing our expertise and proven track record, with the aim to maintain high profitability levels. Furthermore, as part of the initiatives to develop housing that adapts to changing needs, we also focus on the rental apartment building business. We are building rental apartment buildings in downtown Tokyo under the “Brillia ist” brand. We will further expand the rental housing business into a business segment that sells properties to investors and contributes to generating profits constantly. We will continue to supply housing selected by customers by identifying and responding to needs that change every day, with the aim of achieving the number one customer rating in all categories ranging from location, product planning, and customer service to management.



Brillia Tower Ueno Ikenohata

Business description

We are engaged in the condominium business and rental apartment building business that build properties in downtown Tokyo under the Brillia brand, whose concept is refinement and comfort. We provide high quality housing with a unique integrated system to provide all operations ranging from planning and development to management, repair, renovation, and brokerage to provide a comfortable life for our customers.

Business environment	Opportunity	<ul style="list-style-type: none"> ● Growing sophistication and diversification of customer needs associated with diversification of life styles ● Stronger trend to place emphasis on convenience associated with increasing two worker households and single-person households ● Growing compact city development due to population inflow into cities
	Risk	<ul style="list-style-type: none"> ● Rising land prices due to increasing competition for acquiring land sites, and rising construction costs due to rising material prices and labor costs ● Shrinking condominium market due to declining population
Advantage		<ul style="list-style-type: none"> ● Best brand and customer satisfaction rating in Japan ● Strong track record and expertise in large-scale redevelopment and rebuilding ● Service supply system that integrated production, sales, and management

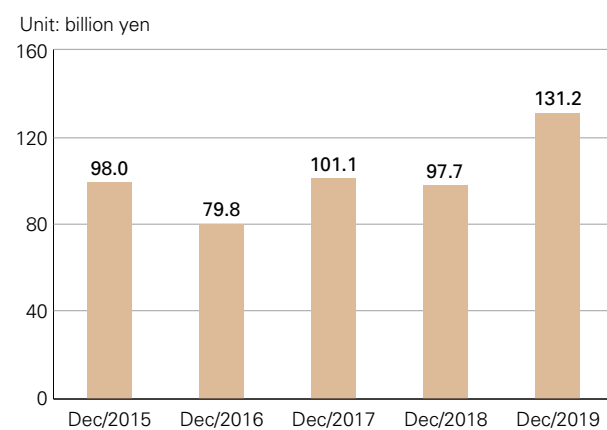
Future strategy	<ul style="list-style-type: none"> ● Profitability-focused investment in well-selected sites with potentially high needs, such as very convenient locations ● Focus on the redevelopment and rebuilding projects to become engaged in highly competitive projects while avoiding overpriced projects ● Accelerate the development of compact rental apartment buildings in urban areas and sell them quickly to investors after starting the operation
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Group Companies

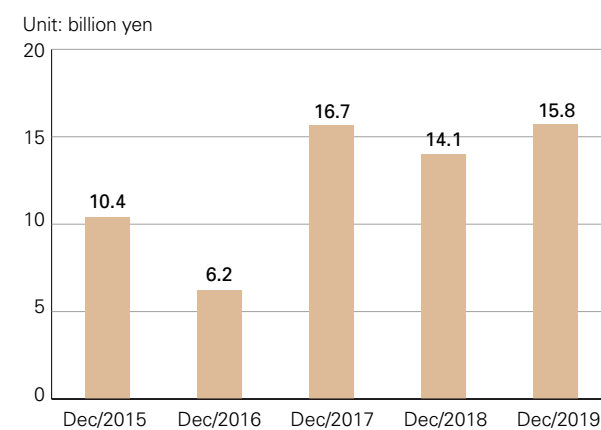
Tokyo Tatemono Amenity Support Co., Ltd.

E-State Online Co., Ltd.

Changes in operating revenue



Changes in operating profit



Strengthening the “Brillia” brand

“Brillia” is a comprehensive housing brand that has a strong track record in development and supply in downtown Tokyo, which provides comprehensive housing services, ranging from planning and development to management, repair, brokerage, renovation, and life support under the brand concept of refinement and comfort. We implement a thorough quality control until completion of Brillia condominiums, offer a construction site tour for future condominium owners who signed the purchase contract to look at the ongoing construction site, and provide a construction report for customers as necessary.

We also provide after sales care support to ensure customers can live comfortably. Furthermore, the Brillia Bloomoi project launched in 2012 is developing products under the concept of implementing housing that responds to changes in the times and meets diversifying needs. The product development includes an expanded range of services from condominium floor plans and housing equipment through to management and after-sales services. These initiatives increase the value of the Brillia brand as well as the competitiveness.



Real Estate Service Business

Promoting redevelopment and rebuilding

Medium-term business plan key strategy (2)

We focus on the redevelopment and rehabilitation projects to meet the demand for urban redevelopment in areas where wooden houses are densely packed and to meet the increasing needs to rebuilding aging condominiums. We have a track record of many rebuilding and rehabilitation projects, such as Brillia Tower Ikebukuro, Brillia Towers Meguro, and Brillia Tama New Town. We will seize project opportunities in very convenient locations and become engaged in high value added housing development projects such as complex development projects. It is more difficult and takes more time to achieve an agreement from landowners and residents compared to normal land acquisition and

development, but we will win highly competitive projects by using our expertise and proven track record as a developer.



Brillia Tower Ikebukuro

Providing housing that is environmentally friendly and disaster resilient

Medium-term business plan key strategy (2)

We aim to promote the net zero energy houses (ZEHs) in accordance with the ZEH Roadmap announced by the Ministry of Economy, Trade and Industry (METI) to create a low energy consumption society. Tokyo Tatemono was registered under the ZEH Developer Registration Program in May 2018, and we are actively working to promote the net zero energy condominiums(ZEH-M)*. The provisionally-named Brillia Tower Seiseki Sakuragaoka Blooming Residence scheduled to be completed in 2022 has been adopted as the first and only project in the Tokyo metropolitan area in the Super-High-Rise ZEH-M* Demonstration Project in FY2019 sponsored by METI. Brillia condominiums are built in line with the Brillia Environmentally Conscious Housing Guidelines that provide a unified structure for our environmental measures. In residential development, we design individual properties based on these guidelines and strive to reduce their environmental impact. We also focus on providing housing that is resilient against natural disasters and provide equipment and reserve

supplies in case of disasters such as typhoons, floods, and large earthquakes. Brillia condominiums are managed in line with the Brillia Disaster Management Guidelines. We create a disaster management manual for each property and prepare for disasters. For example, we provide a Brillia original disaster backpack which you can sit on for each unit.

* ZEH-M stands for Zero Energy House-Mansion (Condominium/Rental Apartment Building)
ZEH-M refers to a net zero energy consumption condominium/rental apartment building that aims to reduce the primary energy consumption balance to zero.



External perspective of Brillia Tower Seiseki Sakuragaoka Blooming Residence

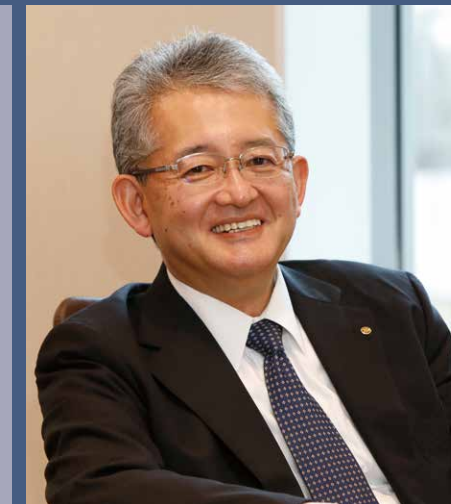
Development of condo buildings for rent

Medium-term business plan key strategy (3)

We accelerate the development of rental apartment buildings under the "Brillia ist" brand to meet the growing demand for rental apartment buildings in downtown Tokyo for living and investment purposes. We are also increasing product appeal. As one of such efforts, recently we provided a lounge as shared space to meet the growing demand for remote work. With the exception of some large-scale rental apartment buildings, we will sell them to investors after operating them for a certain period of time after the development while comprehensively considering the real estate trading market environment and our business performance.



Brillia ist Sendagaya



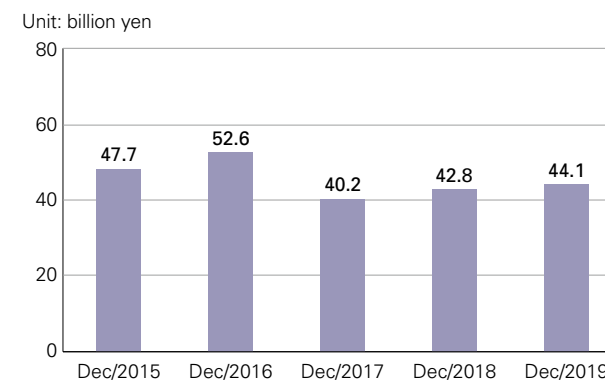
Director and Senior Managing Executive Officer
Division Director of Real Estate Service Business Division
Masami Kamo

In the Real Estate Service Business, we are engaged in the real estate transaction service that offers one-stop optimal solutions by using a variety of real estate assets owned by the group. In the real estate transaction service business, we are engaged in the brokerage and corporate real estate (CRE) service, with the aim to expand opportunities to acquire real estate information using various relationships. In addition, we offer asset solutions that increase the value of assets by converting primarily existing real estate properties and improving their rental conditions, and provide a broad range of products using our real estate appraisal expertise acquired by long years of experience. In the new medium-term business plan, we have set a goal of transacting real estate inventory and providing good quality assets by maximizing the utilization of real estate and identifying investment needs through these businesses, with the aim to expand group related assets, continuously grow profits, and improve capital efficiency. Furthermore, our parking lots business that has a presence in the industry is also a strength of the group. The business has also a significant role as a solution to utilize real estate, and its strong synergies with other businesses support our capability to offer a wide variety of proposals. We will make the investment necessary to strengthen our competitiveness by improving customer service and operational efficiency, and we will further expand our business scale. As a front line business for the market, we wish to create new business opportunities for the group by serving as a hub of real estate and customer information and by making optimal proposals that create synergies between competitive businesses and the broad range of business segments of the group.

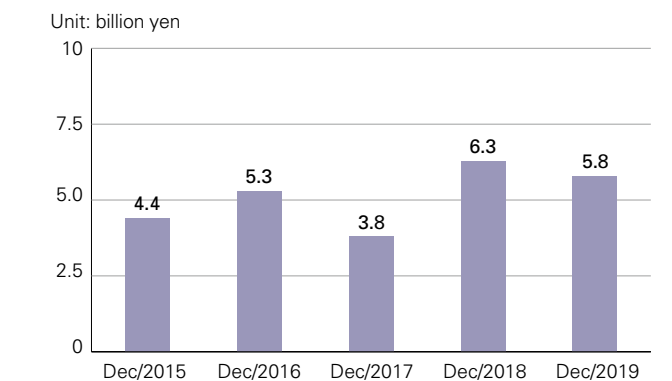
Group Companies

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

Changes in operating profit



Changes in operating revenue



Real Estate Transaction Business



Business description

We are engaged in three businesses: (1) brokerage business, which includes wholesale brokerage to support real estate needs of corporate customers and retail brokerage to help individual customers to find a new home, (2) asset solution business that increases the value of acquired real estate for resale; and (3) management service business that manages rental apartment and office buildings on behalf of the owners.

Business environment	Opportunity	<ul style="list-style-type: none"> ● Increased real estate transactions due to higher real estate inventory ● Growth in real estate investment demand due to low interest rates ● Rise in CRE strategy (to maximize the utilization of real estate owned by companies) needs for improving capital efficiency
	Risk	<ul style="list-style-type: none"> ● Lower willingness to buy real estate due to rising real estate prices, economic recession, rising interest rates, etc.
Advantage		<ul style="list-style-type: none"> ● Relationships with customers and financial institutions and real estate appraisal expertise acquired over years of experience ● Offer one-stop solution services utilizing the resources of the group

Future strategy	<ul style="list-style-type: none"> ● Actively identify customer needs utilizing information sources to increase volume and value of transactions ● Use the appraisal expertise to acquire properties with value-adding potential and sell properties quickly in response to market conditions
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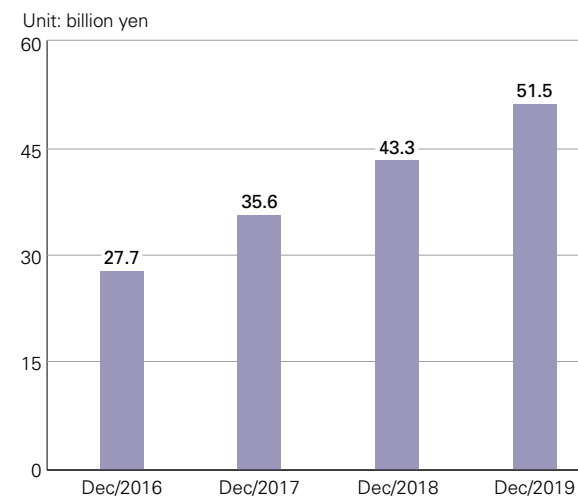
Brokerage and asset solution initiatives using appraisal expertise

Medium-term business plan key strategy (3) and (4)

We are strengthening the brokerage and CRE business in an effort to expand opportunities to acquire real estate information. We are utilizing the strong relationships with customers and financial institutions cultivated over years of operation of the group's various businesses to enhance our wholesale brokerage operations targeting corporate customers. As for retail brokerage operations aimed at individual customers, we are opening brokerage offices in areas where we have supplied several condominiums to capitalize on secondary brokerage transaction opportunities. We acquire property information for asset solutions, sell properties, and develop new customers in conjunction with these brokerage activities. Capitalizing on our real estate appraisal expertise—the ability to comprehensively judge the value of properties cultivated over years of experience—we seek to acquire properties with the potential for increased value. We then take steps to improve the value of these properties through repurposing, repairs, renovations, rights consolidation, rent condition

improvements, or other measures, after which the properties are sold to investors flexibly.

Changes in the value of real estate held in asset solution business



Parking Lots Business



Business description

We have developed and operate over 70,000 parking spaces in 1,800 locations across Japan, primarily under the NPC24H brand. By taking into account the surrounding location, the area of the site, and other conditions, we are able to design and deliver the optimal parking lot.

NPC24H Tachikawa Midoricho No.2 Parking

Business environment	Opportunity	<ul style="list-style-type: none"> ● Increased opportunities to operate large parking lots and public parking lots such as municipal parking lots in conjunction with large-scale redevelopment projects ● Improved efficiency and service in parking lot operation associated with the spread of IoT
	Risk	<ul style="list-style-type: none"> ● Accelerated sale and repurposing of parking lots by landowners associated with rising land prices
Advantage		<ul style="list-style-type: none"> ● Experience and expertise in developing and operating large self-park parking garages ● Investment and development capabilities for parking facilities and systems leveraging scale as No.3 pay-by-the-hour parking business operator in Japan

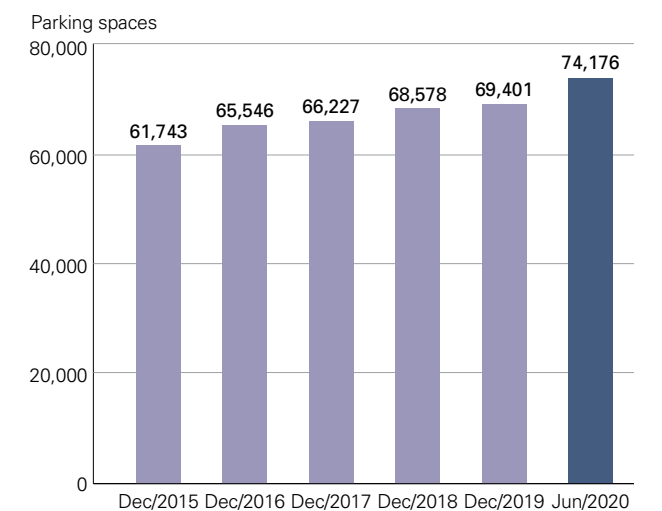
Future strategy	<ul style="list-style-type: none"> ● Efficiently grow the business scale through aggressive investment in large parking facilities, which is our strength area ● Increase competitiveness by developing and introducing new systems that contribute to improved operating efficiency and customer service
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Expanding the parking lot business by identifying needs to utilize real estate

Medium-term business plan key strategy (4)

Nihon Parking Corporation operates many parking lots. In particular, we have extensive expertise in operating large self-park parking garages. We acquire existing facilities that have room for operating improvement and increase their profitability using our unique expertise to keep our advantages. The parking lots business serves as a gateway to real estate information including land owned by customers. Therefore, we are strengthening this business, including synergies with other businesses. To enhance the function to operate parking lots by leveraging our scale as the No.3 operator in Japan, we are developing and introducing unique systems such as advanced reservation and monthly web parking contract in an attempt to increase efficiency. Furthermore, we actively promote other services that can contribute to increased customer convenience through means such as partnering with car sharing and point card business operators and installing delivery boxes.

Changes in the parking spaces operated



Other Businesses

Senior and Child Care Business Leisure Business



Director and Executive Managing Officer
Division Director of Senior and Child Care Business Division and Leisure Business Division
Hisatoshi Kato

As the work style reform is advancing and the importance of work-life balance is growing, the senior and child care business and the leisure business are becoming more significant sectors that support and occasionally enrich the lives of people.

In the senior and child care business, we are developing housing for seniors by using our housing expertise cultivated to date and provide a temporary staffing service for personnel who work there. We are also developing and operating child care facilities. The birthrate is declining while the aging population is growing, and the number of working woman's households and two-parent working households are increasing. Amid growing social needs, we provide an environment where people can live a quality rich life.

In the leisure business, we are engaged in a wide variety of businesses, such as the development and operation of pet-friendly hotels, operation of golf courses, and development and operation of public baths and spas. Focusing on diversifying lifestyles and the rediscovered value of real experience, we provide services with great hospitality that can be provided only by us.

In addition, the synergy effect between these businesses and other businesses is strong. We have a broad range of businesses and they are the foundation for our strength. They provide us with new development opportunities, such as a complex development consisting of condominiums and child care facility.

We aim to contribute to solving social issues while steadily accumulating proper profits by responding to radically changing social circumstances and customer needs agilely.

Group Companies

Senior business Tokyo Tatemono Senior Life Support Co., Ltd. Tokyo Tatemono Staffing Co., Ltd.

Child care business Tokyo Tatemono Kids Co., Ltd.

Leisure business Tokyo Tatemono Resort Co., Ltd.

Seizing profit opportunities by creating synergies with other businesses

We seize new profit opportunities and contribute to revitalizing local communities and increasing the allure of the areas by developing hard and soft services that suit a variety of lifestyles, in addition to the office and housing buildings.

The Kita Aoyama 3-Chome Urban Development Project (the building has been named Nonoaoyama Building) completed in May 2020 is a 25-story complex facility that houses rental apartment units, serviced housing units for the elderly,

certified day care center, stores, and community center. We participate in the planning and operation of the project. We seized the development opportunity since we have experience with a wide variety of real estate projects, including Senior, child care, and resort businesses.



Nonoaoyama Building

Senior business

To meet the growing demand for the housing for the elderly amid declining birth rate and aging population, we develop and operate serviced residences for the elderly and fee-based nursing homes under the brand name Grapes by using our high quality residential development expertise acquired over many years of experience with the Brillia brand condominiums.

We acquired a nursing care service dispatch company in 2017 and established a system to constantly provide services by enhancing the hiring function.



Grapes With Yotsuya

Child care business

We entered the child care business in 2016 in light of mounting needs for child care services accompanying women's increased participation in the workforce and the rise in dual-income households, such as those represented by the increase of children on child care facility waiting lists becoming a social problem.

Supported by robust demand and government aid, we have been able to achieve smooth growth in Ohayo Child Care facility numbers, opening 14 facilities in just four years. In April 2020, we opened the Sekimachi-Minami After-School, the first school-aged child care center of Tokyo Tatemono Kids. We constantly open child care and school-aged child care centers.



Ohayo Child Care Kameido

Leisure business

As lifestyles grow more diverse and consumers increasingly choose to spend their money on experiences as opposed to goods, our leisure business aims to provide real experience opportunities and offer services with great hospitality that provide the best relaxation and comfort for customers.

Focusing on the boom of pet tourism of late, the 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 all areas. Regina Resort with

DOGS hotels have proven incredibly popular among wealthy dog owners, driving the number of these hotels 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 bedrock baths that offer health and beauty benefits. They are used by many customers as a place to communicate with family and friends, as well as a space that supports the health of mind and body. In addition, we operate 12 golf courses across Japan.



Ofuro no Osama Oimachi



Regina Resort Kyu-Karuizawa



Kawaguchiko Country Club

Overseas business



79 Robinson Road (CPF Building Redevelopment Project)

Business description

The Tokyo Tatemono Group has established overseas subsidiaries in Shanghai and Singapore, and we are advancing condominium operations with major Chinese developer China Vanke Co., Ltd., as well as development projects in emerging ASEAN countries with substantial growth potential.

Business environment	Opportunity	<ul style="list-style-type: none"> ● Rise in middle-income and wealthy individuals due to strong economic growth in Asian countries ● Higher number of companies seeking cooperation with Japan and increased government support for incorporating foreign capital
	Risk	<ul style="list-style-type: none"> ● Changes in economic and political conditions and tightening of real estate regulations
Advantage		<ul style="list-style-type: none"> ● Strong development track record and relationship for more than 15 years with major Chinese developer China Vanke ● Wealth of real estate development expertise and high-quality condominium development experience accumulated in Japan

Future strategy	<ul style="list-style-type: none"> ● Collaborate with prominent developers that are knowledgeable about the business practices and markets of their respective countries ● Develop chiefly in China and other countries where we have an existing footprint. Dispatch employees to locations of operation, and practice rigorous risk management ● Make the investment in rental apartment building business featuring relatively short business cycles and few operating environment risks
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Group Companies

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

Tokyo Tatemono Asia Pte. Ltd

Seize business opportunities through collaboration with leading local partners Medium-term business plan key strategy (5)

In the overseas business, we have moved forward with projects through partnership with local major real estate developers and have constantly carried out activities through risk control by employees dispatched to locations of operation.

We have been involved in the development of condominium operations in China with major local developer China Vanke Co., Ltd. for more than 15 years. We will continue to invest in cities that feature solid demand by determining business confidence and identifying demand for each city.



Real estate fund business



Kawasaki Dice

Business description

We provide various real estate investment products offered through Japan Prime Realty Investment Corporation (listed REIT) and Tokyo Tatemono Private REIT, Inc., as well as through private funds, and the specified joint real estate venture product Invest-Plus series for a broad range of investors from institutional investors and pension funds to individual investors.

Business environment	Opportunity	<ul style="list-style-type: none"> ● Increased real estate investment needs ● Increased number of investment asset types
	Risk	<ul style="list-style-type: none"> ● Intensified competition to acquire real estate ● Changing fund-raising environment
Advantage		<ul style="list-style-type: none"> ● Seize opportunities to acquire real estate and maximize the real estate value by utilizing the expertise of the group

Future strategy	<ul style="list-style-type: none"> ● Support for the growth of REITs and funds by increasing the sales of properties to investors ● Increase profit opportunities by increasing the group's AUM
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Group Companies

Tokyo Tatemono Investment Advisors Co., Ltd.

Tokyo Realty Investment Management, Inc.

Increasing group profit opportunities by strengthening the REIT and fund business Medium-term business plan key strategy (4)

We will expand our asset portfolio by using our real estate appraisal expertise to acquire promising properties while improving the quality of this portfolio through strategic asset replacements. At the same time, we will

- Japan Prime Realty Investment Corporation
Investment assets: office buildings, urban commercial facilities, hotels
Total acquisition price (as of end of 2019)
¥439.5 billion
Appraisal value (as of end of 2019)
¥522.6 billion



contribute to seizing group profit opportunities for the asset management, property management, and building management by increasing the sales of properties to REITs and funds to grow the group's AUM.

- Tokyo Tatemono Private REIT, Inc.
Investment assets: office buildings, commercial facilities, rental apartment buildings, and other real estate properties
Total acquisition price (as of end of April 2020)
¥60.5 billion
Appraisal value (as of end of April 2020)
¥63.9 billion

Environment: Activity Highlights

System for Environmental Initiatives

The Tokyo Tatemono Group formulated the Group Environmental Policy, which is a policy that serves as the foundation for management structure designed to suit the respective business attributes of our Office Buildings Business. This business consists of building development, operation and management, and our

housing development business, which includes the Brillia brand. Other businesses and group companies engage in environmentally friendly business under environmental guidelines established in line with the Group Environmental Policy.

Group Environmental Policy

- **Creating a pleasant city and living with greenery**

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

- **Climate change prevention that leads the community**

We will actively implement environmentally friendly technologies and ideas into our products and services to lead the community in building a low-carbon city.

- **Resource-saving activities that are kind to the earth**

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

- **Developing employees with high environmental awareness**

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

Established January 2011

External Evaluation (for our environmental activities)

Tokyo Tatemono actively acquires various environment-related certifications to highlight the environmental friendliness of our buildings and housing from an external perspective. We also strive to confirm the progress of our activities and use the evaluation results for our future activities.

Receiving High Honors from the GRESB Real Estate Assessment

Tokyo Tatemono has received the Green Star award, the highest from the GRESB^{*1} Real Estate Assessment, for the fifth consecutive year. This assessment is a benchmark evaluating ESG (environmental, social, governance) initiatives in the real estate sector. The GRESB has also awarded Tokyo Tatemono with the highest 5 Star Rating for the third consecutive year. The GRESB Rating system, implemented in 2016, scores reporting entities relative to global performance.



Externally Certified Properties

CASBEE ^{*2} Buildings	
S Rank	Hareza Tower
DBJ GB ^{*3}	
Tokyo Square Garden	
Otemachi Tower	★★★
Nakano Central Park South	★★
SMART ISESAKI	
Brillia ist Tower Kachidoki	★★★
DBJ Green Building 2019 ^{Plan} ^{*****}	
Tokyo Tatemono Nihonbashi Building	
Hareza Tower	★★
ZEB ^{*5}	
ZEB ready	Hareza Tower, Otemachi Tower, Tokyo Square Garden, Otemachi Tower
ABINC Certification ^{*6} (Association for Business Innovation in harmony with Nature and Community _® Certification)	
	Tokyo Square Garden, Otemachi Tower
SEGES Certification ^{*7} (Urban Oasis)	
	Tokyo Square Garden, Otemachi Tower

^{*1} GRESB: Global Real Estate Sustainability Benchmark. An ESG benchmark specialized in real estate, established by a European pension www.gresb.com/

^{*2} CASBEE (Comprehensive Assessment System for Built Environment Efficiency) is a method for evaluating and grading the environmental performance of structures

^{*3} DBJ GB (DBJ Green Building Certification) is a certification system established by the Development Bank of Japan (DBJ) in April 2011 to support initiatives for environmental and social awareness of real estate

^{*4} BELS (Building-housing Energy-efficiency Labeling System) is a guideline established by the Ministry of Land, Infrastructure, Transport and Tourism to properly evaluate and display the energy saving performance of non-residential buildings

^{*5} ZEB (Net Zero Energy Building) is a building that has targeted a net-zero balance of annual primary energy consumption

^{*6} 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

^{*7} SEGES is the Social and Environmental Green Evaluation System

Initiatives Supporting Environmental Measures through Business

Responding to Climate Change

Signatories to the Paris Agreement agree to keep the global average temperature rise below 2°C compared to the Industrial Revolution, requiring efforts to achieve a low-carbon society. The real estate industry as a whole and Tokyo Tatemono must strive to reduce greenhouse gases in real estate holdings and business activities. Among all Tokyo Tatemono business activities, the Office Buildings Business, which operates and manages commercial office buildings, uses the most energy. Reducing the amount of energy used in the Office Buildings Business results in a significant reduction of total Tokyo Tatemono greenhouse gas emissions. Moreover, we have set a 1% annual reduction target averaged over five years as a quantitative indicator in the form of a power consumption per floor area unit to reduce greenhouse gas emissions.

To reduce greenhouse gas emissions, we are deploying high-efficiency air conditioning equipment and LED lighting equipment in existing office buildings owned by

Tokyo Tatemono. As of the end of FY2019, 89% of our office buildings have completed or are in the process of converting to LEDs.

As a result, as of the end of FY2019, the greenhouse gas emissions averaged over five years decreased by 4.8%, even though this fiscal year coincided with new opening of power-hungry commercial facilities and hotels.

Expressing Support for TCFD

We determined to express support for the Task Force on Climate-related Financial Disclosures (TCFD) in the first sustainability committee meeting held in May 2020 and signed up to TCFD in June.

Based on understanding of opportunities and risks of climate change for our business, we will perform scenario analysis and disclose information.



Green Finance

The term green finance refers to bonds (green bonds) and loans (green loans) used to procure funds for special use in environmental measures such as global warming countermeasures and renewable energy.

Tokyo Tatemono has established the Green Finance

Framework, which complies with the four requirements defined in the Green Bond Principles and Green Loan Principles (use of procured funds, project evaluation and selection process, management of procured funds, and reporting).

Awarded the ESG Finance Award Japan (Silver)

The 50 billion yen hybrid bonds (green bonds) issued by Tokyo Tatemono in March 2019 were awarded the Minister of the Environment Award (Silver Award) in the bonds category of the Ministry of the Environment ESG Finance Award Japan.

This award was created to evaluate and commend investors and financial institutions who make outstanding contributions to the environment and society by engaging in ESG finance, green projects, or similar initiatives. Recognition includes corporate initiatives that have a positive impact on corporate value and the environment by incorporating key environment-related opportunities and risks into management strategy for the purpose of increasing corporate value.

Reasons for Presenting Tokyo Tatemono with the ESG Finance Award Japan

- Issued Japan's first hybrid bond for the highest level of green buildings in Japan
- Ensured high transparency by implementing measures in line with CBI (Climate Bonds Initiative) standards
- Acquired target assets of superior rankings in green building certifications
- Large-scale financing on the order of 50 billion yen



Award Ceremony for the ESG Finance Award Japan
Hitoshi Nomura, Representative Director, President and CEO (L)
Shinjiro Koizumi, Minister of the Environment (R)



Society: Activity Highlights



Director and Executive Managing Officer
Akira Izumi

Implementing Measures to Strengthen Human Resources Looking Forward to the Future

The Tokyo Tatemono Group sees human resources as the source of corporate value creation and realize sustainable growth, and as an important foundation for management. As one of the most important management issues, we will strengthen human resources to secure and develop human resources who can lead the next generation in order to achieve our long-term vision and continued growth thereafter. As part of our efforts to create an environment where each and every employee can maximize their ability, we will further promote work-style innovation, including remote work, to improve productivity, and we will continue to promote health management and diversity. In order to adapt to radical changes in the business environment and maintain competitiveness, we will also focus on

developing and hiring human resources with high expertise and those who can promote digitization and globalization. Now that the world has radically changed due to the COVID-19 pandemic, there is growing importance to build reliable relationships with diverse stakeholders from a long-term perspective and continue to receive a high evaluation in order to achieve sustainable management. Based on this understanding, we aim to develop human resources and build the foundation for management from a long-term perspective to meet the expectations and requirements from diverse stakeholders by promoting efforts to provide products and services that adapt to social changes, contribute to local communities through urban development, and strengthen compliance including respect for human rights.

Human Resources Development

Education and Training per Management Level

We strive to develop the skills of employees reflecting our belief that employees are the foundation from which sustainable corporate growth is built.

We offer training per management level from new employees to executives. And to provide experience and broader knowledge required for employees of a comprehensive real estate company, we rotate new graduate hires among three departments to gain

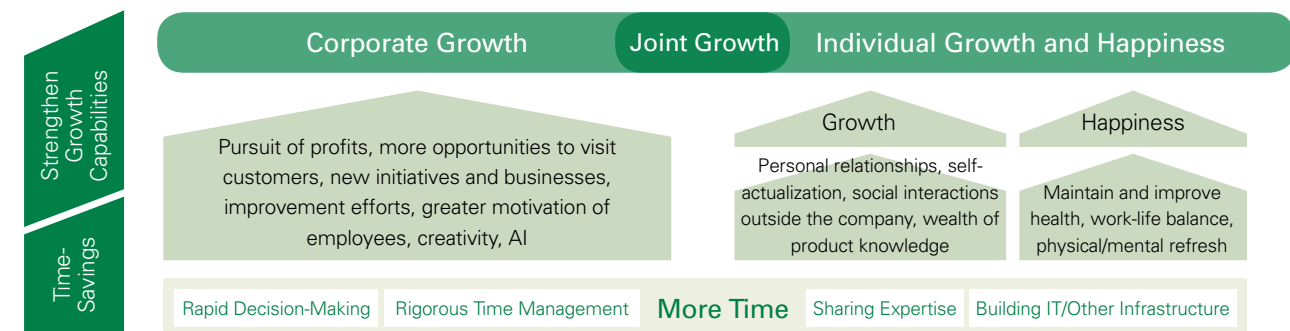
experience in their first ten years of employment. In addition, we have established self-edification programs and support systems to aid employees in acquiring certifications. These are to help employees enjoy independent learning at all stages of employment. We also offer support for learning foreign languages, as well as for dispatching employees to overseas training in consideration of global business expansion.

Work-Style Innovation

Tokyo Tatemono has set the goal of work-style innovation to create more time through efficiency and other means, bringing about both corporate and individual growth, as well as the happiness of the individual. Since 2018, we have been conducting remote work trials in an effort toward

specific measures for enhancing productivity, including use of external satellite offices and improving various ICT tools. Recently we deployed the work from home system for all executives and employees to maintain and improve productivity during the COVID-19 pandemic.

Tokyo Tatemono's Work-Style Innovation Image



Work-Life Balance

Health Management Initiatives

We see the mental and physical health of our 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. In March 2020, Tokyo Tatemono and our two group companies, E-State Online Co., Ltd. and Tokyo Fudosan Kanri Co., Ltd., were certified as 2020 Certified Health and Productivity Management Organization Recognition Program. Tokyo Fudosan Kanri Co., Ltd was certified as one of the top 500 companies (White 500) for the first time.



Mental Health Initiatives

Each Tokyo Tatemono employee has access to an online service for annual stress self-checkups. We also conduct self-care and line care training to promote mental health awareness. This training is mandatory for new managers in particular. Currently, this training boasts a 100% attendance rate. We also invite sports trainers to teach company-wide training for all new employees.

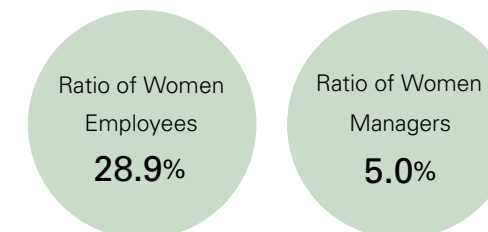
Initiatives to Reduce Working Hours

We have been engaged in ongoing measures to prevent overtime since 2008, and in 2010, we adopted a system to shut down computers at the end of regular time. In departments where long-working hours occur, we have implemented a framework to address this issue by requiring direct supervisors to report on improvement measures and provide feedback to upper management.

Diversity & Inclusion

We pursue the creation of an environment in which diverse human resources are motivated and dedicated in their work, acting freely without obstacles. The successful activities of our diverse talent will drive services that meet the level of sophistication and diversification demanded by our own customers. We support women taking active roles, encouraging women to work with ambition and fully realize their individual potentials and personalities. We have established leave systems for both women and men employees to use in the case of pregnancy, childbirth, child rearing, and nursing 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.



As of end of December 2019

Respect for Human Rights

We support basic human rights as defined in the Constitution of Japan and the Universal Declaration of Human Rights. We also support international labor standards set by the International Labor Organization (ILO) and respect personalities and values as provided in our Compliance Charter. We also created the Tokyo Tatemono Group Compliance Manual. The Compliance Manual helps ensure that all persons engaged in work for the group comply with our code of conduct to respect human rights and prohibit discrimination or harassment based on race, nationality, creed, gender, sexual orientation, age, appearance, disability, education, social status, or background. Our

charter also calls for providing a comfortable work environment and prohibiting child or forced labor in any part of our supply chain. To ensure that each and every employee has human rights awareness, we also conduct compliance training, including respect for human rights, for employees and managers as appropriate. Due to our business characteristics to handle real estate, we also provide ongoing training to ensure a proper understanding of human rights and discrimination issues, as well as to ensure appropriate responses in our activities, to prevent situations that could lead to human rights violations.

Governance: Special Edition



Makio Tanehashi
Representative Director and Chairman
[Chairman of the Board of Directors]

Yoshimitsu Onji
External Director

Dialogue: Chairman Tanehashi and External Director Onji

What is the ideal state of the board of directors for sustainable growth?

Makio Tanehashi, Chairman of the Board of Directors, and Yoshimitsu Onji, external director, talked about the efforts made so far in the Tokyo Tatemono Group's operations of the Board of Directors, as well as the challenges and expectations for the Group moving forward.

What roles are required of external directors?

Tanehashi: Tokyo Tatemono is a company with an Audit and Supervisory Board, with 16 directors and Audit and Supervisory Board members combined. Of those, six are external officers; these officers are asked to possess a wealth of experience and knowledge in a variety of fields. As the Chairman of the Board of Directors, what I want from external directors is for them to provide us with their evaluation standards and their opinions from their vantage point as external stakeholders. This is because we are in an era where we must be constantly question the state of our relationships with each stakeholder and our position as a company in society. Therefore, I believe that this is an important role for external directors, that they fulfill their screening function based on their respective evaluation standards and check whether we are managing the business properly.

My expectation is also that it will be of great service to us that we can utilize their wealth of experience and knowledge in our business judgment whilst simultaneously monitoring the business. We on the inside tend to fall into the habit of thinking about things as an extension of the past. However, the times are changing so fast that I think that there will be situations where business judgment based solely on past experience will not work out. Our external directors have a wealth of experience and knowledge in their respective fields; however, they do not simply speak out based on that individual experience and knowledge, but offer their opinions in consideration of what the Group's business should be like. That's something I'm extremely grateful for, and I know that this has certainly helped improve the effectiveness of the Board of Directors.

Onji: I believe that my role as a director is naturally important in judging the pros and cons of an investment and its appropriateness, including yields, from the standpoint of monitoring executives. Beyond this, however, I believe that I am also tasked with keeping a careful watch over whether these investments are aligned with the Tokyo Tatemono Group's corporate philosophy and management strategies as an independent external director.

Tokyo Tatemono, with more than 120 years of history, can be likened to a sort of wine cave that has built up trust around the world over decades and decades. We

external directors swish the wine around in our mouth, trying to scrutinize the vintage and identify whether there are any grapes from other vineyards or any foreign objects mixed in. In other words, we have to sense whether an investment is firmly in adherence with the corporate philosophy, and whether the choice made is one that is in line with the Tokyo Tatemono identity. For more than 20 years, I was involved with management of two companies called Daiei and RECOF, though both are younger than Tokyo Tatemono. Because I have built a career that has allowed me to detect any deviations in management decisions, I think it's an important task I am given to handle these decisions.

Tanehashi: After all, it is important to have a deeper understanding of Tokyo Tatemono so that more rigorous checking can be done to see if we have made the right management decisions. Last year, in order to deepen the understanding of our businesses and believing that seeing the actual work done in those businesses would be necessary to do that, we invited all of our external directors to join a business tour. It is my hope that they will also be able to visit our new buildings to be completed in the future, despite their busy schedules.

Onji: By touring the actual properties, I was able to experience the high quality unique to the Tokyo Tatemono Group and gain a deeper understanding of what Tokyo Tatemono is trying to do. I imagine the content of the discussions had at the Board of Directors will also change going forward.

In addition, these business tours and regular discussions at Board of Directors meetings have given me the sense that Tokyo Tatemono has a serious and honest corporate culture, and that it is a company that can grow sustainably, like climbing a staircase. I am of course checking to make sure that there are no falsifications made in order to stay ahead of the competition, and that the wrong decisions aren't being made because of being stuck in the past; however, I currently have no such worries about the Group.

Tanehashi: When factors such as excessive awareness of competition and being stuck in the past come in, the consciousness drifts somewhere away from the real essence of the work, leading to wrong decision-making. Fortunately, I don't think this is such a situation faced by the Group. Even in advancing our business, I think it's understood that we don't talk about chasing scale, but instead emphasize equality.

Making further improvements to the effectiveness of the Board of Directors

Tanehashi: We carry out an annual questionnaire survey with all directors and Audit and Supervisory Board members in order to further improve the effectiveness of the Board of Directors. The opinion we found from this survey was that there should be more time for discussions on medium to long-term management policies and business strategies. Last year, in light of this point, we were able to take in opinions and have discussions within the Board of Directors at the exploratory stages ahead of formulation of our long-term vision and Medium-term Business Plan. This allowed us to proceed while making the necessary course corrections. We also increased opportunities for discussions regarding cross-shareholding policies and ESG management, including talks about the SDGs. We've become able to have deliberations on management at a higher level and take in a variety of opinions, creating what I see as an extremely informative place of intellectual chemical reactions as we all engage in discussions.

Onji: Deliberation of individual investments is also extremely important. However, in addition to that, I also made a recommendation that the Board of Directors should have more discussions about matters related to the core of management from a medium to long-term perspective. The Chairman has taken the lead in reforming the Board of Directors, increasing the number of agenda items regarding medium to long-term policies and making the Board a place of active discussion where external directors can also share opinions from their respective positions. I feel we are going in a very good direction.

Tanehashi: Aside from that, in the interest of organizing points to be made regarding deliberation items, we have also tried to make it as clear as possible in our agenda item explanation materials what the bases and processes are for the decisions made by executive officers at the Management Meeting. The particularities of real estate development mean that what we base our business judgments on will be different from general corporations. Aside from that, our development projects are often long-term ones spanning five or ten years, and we see the investment risk in these slightly differently than we would



for a general capital investment. I think it is important to have a clear understanding of the project in advance, supported by clear information listed in materials, and to have discussions based on this. I also think it's now understood how the executive officers recognize risks at the Management Meeting.

Onji: In the past, there have been times when we needed to ask questions to understand an issue before proceeding with exchanging opinions and having debates, but no matter how much time we had, it wouldn't be enough. By including detailed information in the materials, we became able to have larger discussions rather than make the finer points. I also feel that our monitoring function has gotten stronger, as I can check on the deliberation processes at the Management Meeting.

Looking ahead, we are coming into an era where advanced technologies such as robotics and information and communication systems will be essential even in the real estate industry as seen in the term "ReTech" (Real Estate Tech). As a result, in order to further improve the effectiveness of the Board of Directors, I feel that it is necessary to welcome experts in this area as external directors or advisors.

Tanehashi: I agree. The landscape is changing each and every year as technologies evolve. Since last year, we have had one woman join us as an external Audit and Supervisory Board Member, and I have felt that as the diversity of our Board of Directors increases, so too is the vigor in our discussions. Looking ahead to major changes in society, I hope that people with diverse attributes and careers will continue to participate in management. In addition, one thing that I would like to work on going forward is making it so that external directors can participate in the Management Meeting and see the discussion process firsthand. Also, I think there is room to improve, including establishing opportunities to meet with directors and general managers promoting our businesses, as well as expanding training opportunities for directors. Just like this opportunity, I would like to also find more places to have discussions with representative directors and external directors, and I'd like to proactively work to review how we operate the Board of Directors.

My expectation is that it will be of great service to be able to utilize external directors' wealth of experience and knowledge in business judgment

As an independent external director, I will carefully judge whether or not determinations are being made that align with the corporate philosophy and management strategies of the Tokyo Tatemono Group



On future challenges and expectations for sustainable growth

Tanehashi: While the Group has continued to grow steadily, the number of Group companies is increasing, and we recognize that Group governance is an issue that requires further attention in future management. When considering the optimal allocation of resources for the entire Group, it is necessary to have a common measure applied to the Group as a whole. In addition, in order for the Group as a whole to move toward growth, it is necessary to have policies for the direction in which businesses will be executed; I would like to move forward with both of these aspects.

Onji: I believe that the best state is one in which organization follows strategy. A total, perfect unification may be challenging with variations in management cycles and business timelines per business and/or company, but if we're able to have a shared philosophy across the entire Group and ensure that it is firmly spread through Group companies, this will no doubt lead to increased motivation among employees.

In order to respond to social changes, it will be necessary to fine-tune strategies in response to the current spread of COVID-19. For example, while it is possible that the number of seats within offices may decrease as work-from-home grows, I think there are a number of people who will not have enough space to work in their own homes. It is possible that the required functionalities and floor spaces will change significantly for both offices and residences in the future. Moreover, we are already seeing greater use of drones and other technologies; there is a possibility that robots will manage condominiums in the future. In the future, it will likely be necessary for the Board of Directors to hold discussions based on these social changes and technological innovations.

Tanehashi: Experiencing the current situation, I think many people have seen for themselves that there are jobs for which telecommuting increases productivity, and there are those for which it doesn't. I think face-to-face communication is indispensable for exploring new ideas that lead to innovation, so I think it is necessary to provide offices that capture the dual needs of added value creation and efficiency. By pursuing a new kind of office called for as a result of societal changes, I believe we can provide our customers with value that is unique to the Group, and I take pride in the fact that our Group employees are highly sensitive to this fact.

My sense is also that impact from the spread of COVID-19 is changing how we relate with our stakeholders. The vision we have put forth of *Becoming a Next-Generation Developer* is about achieving a high level of both solving social issues and achieving corporate growth. As the subtitle of that vision is *Being a Good Company for All Stakeholders*, we place great importance on the perspective of stakeholders. Going forward, when we are faced with the challenge of how to deal with social changes, if we do not proceed firmly toward our guiding star of *being a good company for stakeholders* we could lose our way. That said, there's no intent to behave in a way that pleases everyone all the time; what I would like to think about is how we can delve into our core work so that our stakeholders can appreciate us. I would like to ask all external directors, as representatives of our stakeholders, to exercise their screening functions and provide their opinions from their high vantage point.

Onji: I want the Tokyo Tatemono Group to shoot for providing the best quality out there, consistent with a high quality that responds to changes in lifestyles around the world, no matter the business. I have great expectations that such a company can become a *next-generation developer*.

Governance: Board of Directors (As of April 1, 2020)



Directors

- | | | | | | |
|--|---|--|--|--|--|
| <p>1 Makio Tanehashi
Representative Director
Chairman of the Board
March 2019 Current position
Number of Shares Owned
11,545 shares</p> | <p>2 Hitoshi Nomura
Representative Director
President and Chief Executive Officer
January 2017 Current position
Number of Shares Owned
12,200 shares</p> | <p>3 Masami Kamo
Directors
Senior Managing Executive Officer
January 2020 Current position
Number of Shares Owned
21,000 shares</p> | <p>4 Kengo Fukui
Directors
Senior Managing Executive Officer
January 2019 Current position
Number of Shares Owned
30,100 shares</p> | <p>5 Katsuhito Ozawa
Directors
Managing Executive Officer
January 2020 Current position
Number of Shares Owned
9,500 shares</p> | <p>6 Akira Izumi
Directors
Managing Executive Officer
January 2020 Current position
Number of Shares Owned
3,400 shares</p> |
| <p>7 Hisatoshi Kato
Directors
Managing Executive Officer
January 2020 Current position
Number of Shares Owned
6,039 shares</p> | <p>8 Hideshi Akita
Directors
Managing Executive Officer
March 2019 Current position
Number of Shares Owned
4,100 shares</p> | <p>9 Shuichi Hattori
External Director
March 2019 Current position
Number of Shares Owned
1,900 shares</p> | <p>10 Yoshiyuki Imai
External Director
March 2017 Current position
Number of Shares Owned —</p> | <p>11 Yoshimitsu Onji
External Director
March 2018 Current position
Number of Shares Owned —</p> | <p>12 Mitsuhiro Nagahama
External Director
March 2019 Current position
Number of Shares Owned —</p> |

Audit and Supervisory Board Members

- | | | | |
|--|---|---|---|
| <p>13 Kouji Kawakubo
Audit and Supervisory Board Member
March 2017 Current position
Number of Shares Owned
1,700 shares</p> | <p>14 Takashi Yoshino
Audit and Supervisory Board Member
March 2019 Current position
Number of Shares Owned
200 shares</p> | <p>15 Takao Yamaguchi
Audit and Supervisory Board Member (Independent)
March 2016 Current position
Number of Shares Owned
1,500 shares</p> | <p>16 Sayaka Hieda
Audit and Supervisory Board Member (Independent)
March 2018 Current position
Number of Shares Owned —</p> |
|--|---|---|---|

Managing Officers

Position	Name	Areas of responsibility and important concurrent positions
President and Chief Executive Officer	Hitoshi Nomura	
Senior Managing Executive Officer	Masami Kamo	Solution Service Department and Division Director of Real Estate Service Division President and Chief Executive Officer of Tokyo Tatemono Real Estate Sales Co., Ltd.
	Kengo Fukui	Responsible for Kansai Branch, Sapporo Branch, Kyushu Branch, and Nagoya Branch; and Division Director of Commercial Properties Division
Managing Executive Officer	Katsuhito Ozawa	Responsible for Corporate Communications Department, Finance Department, and Accounting Department; Division Director of International Business Division; and General Manager of International Business Department
	Akira Izumi	Responsible for Personnel Department, Corporate Planning Department, General Affairs Department, Market Research Department, Solution Service Department, ICT and Digital Strategy Promotion Department
	Hisatoshi Kato	Division Director of Senior and Child Care Business Division and Leisure Business Division
	Hideshi Akita	Division Director of Residence Division
Managing Officers	Masami Tashiro	General Manager of Project Development Department
	Satoshi Eida	President and CEO of Tokyo Tatemono Amenity Support Co., Ltd.
	Takeshi Jinbo	Vice Division Director of Residence Division and General Manager of Acquisitions Department
	Shinjiro Kobayashi	General Manager of Urban Development Department
	Nobuyoshi Takahashi	General Manager of Kansai Branch and General Manager of Project Management (Kansai) Department; Quality Management Office of Project Management (Kansai); and General Manager of Customer Service Department
	Masayuki Okubo	General Manager of Business Planning Department
	Kazuki Sugise	President and CEO of Prime Place Co., Ltd.
	Yusuke Mishima	General Manager of Accounting Department
Katsuhiko Tamai	President and CEO of Nihon Parking Corporation	

Governance: Structure and Initiatives

Policy and Concept of Corporate Governance

Tokyo Tatemono strives to achieve optimal corporate governance while ensuring the soundness and transparency of management and enhancing its effectiveness in an effort to increase the corporate value. In addition, we actively and appropriately disclose information to shareholders and other stakeholders to ensure they understand our business

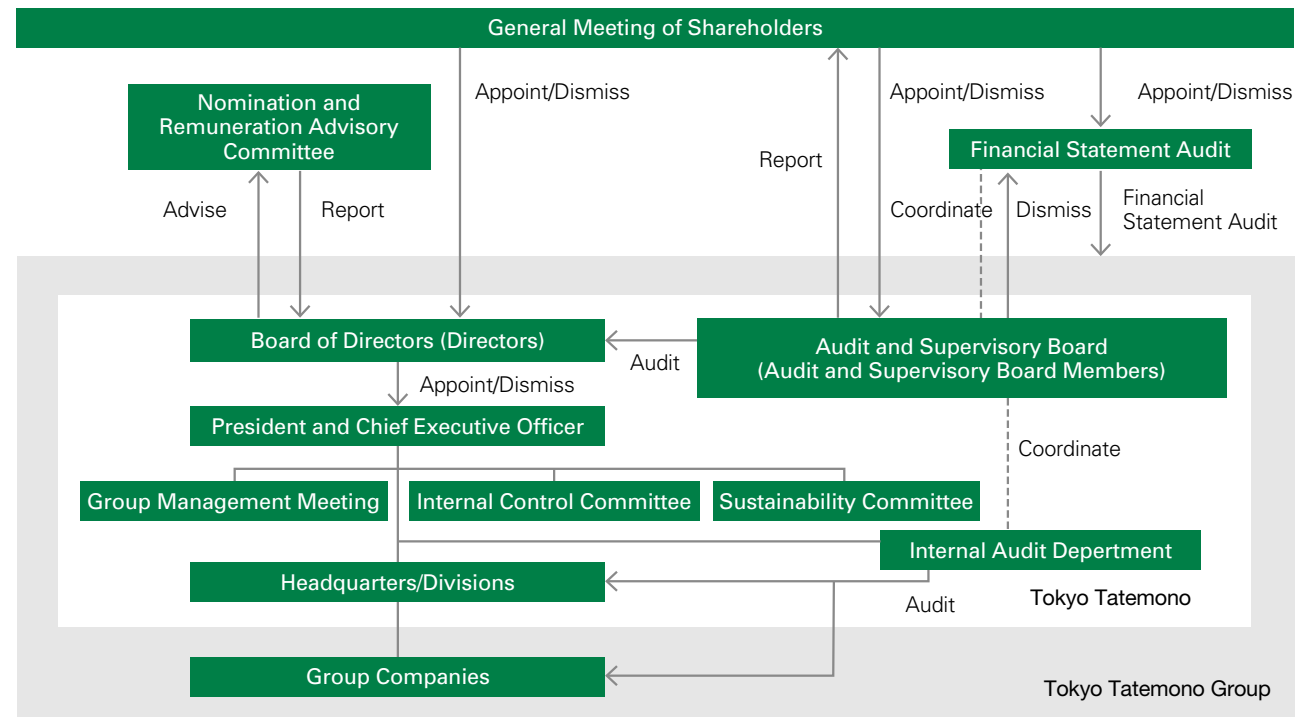
activities accurately. The code of conduct in our corporate philosophy espouses a spirit of compliance with the law. In this light, we have established a system for compliance as we strive to improve compliance awareness and prevent the occurrence of illegal activities and misconduct.

Corporate Governance Structure

Tokyo Tatemono has adopted an audit and supervisory board system as our corporate governance system and 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 our management and supervisory functions and business execution functions.

Further, we appoint external directors and external auditors to strengthen the supervision and ensure transparency of management. We believe that we have established a structure that fully exercises the monitoring and supervisory functions for management and directors. We have also established a Group Management Meeting to facilitate efficient and sound group management.

Corporate Governance Structure



Board of Directors

We have 12 directors, four of whom are external directors. In principle, we hold regular board of director meetings once a month and other extraordinary meetings as necessary. In these meetings, our directors make decisions about important matters related to business execution and monitor the execution of the business activities of the directors. Auditors attend board meetings and offer opinions as necessary. (Numbers are as of January 2020)

Audit and Supervisory Board

The audit and supervisory board consists of four auditors; two are full-time auditors and the other two are external auditors. In principle, the meeting is held once a month on an ad-hoc basis as needed. The meeting was held 15 times in FY2019.

Executive Officers

We have adopted an executive officer system to energize our board of directors and speed up decision-making through a separation of management functions and business execution functions.

Nomination and Remuneration Advisory Committee

The committee selects candidates for directors and representative director and recommends remuneration of the directors (excluding external directors). Committee members are appointed from among directors; however, more than half of the seven members are external directors to use their knowledge and advice and ensure objectivity and transparency of procedures.

Chairman: Hitoshi Nomura (Representative Director and President)
 Members: Makio Tanehashi (Representative Director and Chairman), Hitoshi Nomura (Representative Director and President), Akira Izumi (Director), Yoshiyuki Imai (External Director), Yoshimitsu Onji (External Director), Shuichi Hattori (External Director), Mitsuhiro Nagahama (External Director)

Group Management Meeting

The meeting consists of executive officers with specific responsibilities and is held to discuss matters important to group management. Full-time auditors attend group board meetings to understand the deliberations and offer opinions as necessary.

Internal Control Committee

The committee discusses and monitors internal control risks (compliance risks and internal Management risks) and reports risks to the board of directors, the audit and supervisory board, and others as necessary.

Sustainability Committee

The committee monitors ESG targets and their progress and evaluates achievements to advance sustainability measures. In addition, important matters regarding sustainability measures are also discussed in group management meetings and board meetings.

Board meeting related data

Item	Unit	2015	2016	2017	2018	2019
Number of board meetings	Times	13	13	12	13	15
Number of directors	Director(s)	9	9	11	12	12
Number of executive directors	Director(s)	6	6	7	7	7
Number of non-executive directors (excluding independent external directors)	Director(s)	0	0	1	1	1
Number of independent external directors	Director(s)	3	3	3	4	4
Average board meeting attendance	%	94.6	100	100	100	99
Average tenure of directors (including independent external directors)	Years	6.7 (March)	5.3 (March)	5.0 (March)	5.8 (March)	3.8 (March)

- Data collection period: January to December of each year. Data is as of December of each year unless stated otherwise.
- Scope of aggregation: Tokyo Tatemono

Selection and Appointment of Directors and Auditors

We comprehensively evaluate the personality, ability, knowledge, and experience of persons and select those who have qualities to contribute to increasing the long- and medium-term corporate value of the group as management members, and appoint them as candidates for director and auditor. Selection and dismissal of

representative director and appointment of director and auditor candidates are discussed in a meeting of the Nomination and Remuneration Advisory Committee consisting of mainly independent external directors and resolved in a board meeting.

Support System for External Directors and External Auditors

We provide explanations and information as necessary through the Planning Division to support external directors and external auditors. The Planning Division serves as a 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 auditors to attend important corporate meetings, including board meetings and Group Management 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.

Policy on Determining Remuneration Amount and its Calculation

Fixed remuneration for directors is capped at ¥35 million per month (¥420 million per year)*¹. Performance-based remuneration (excluding external directors) is capped at 1% of consolidated recurring income and 2% of net income attributable to owners of parent for the year prior to the fiscal year in question*².

In March 2018, we introduced a stock remuneration system via stock benefit trust. The goal of this system is to create a clear link between director compensation and the value of our corporate stock and to encourage awareness of contributions to increasing corporate value

over the medium and long term. With the introduction of this system, directors and others now receive compensation in three ways: fixed remuneration, performance-based remuneration, and stock-based remuneration. Stock remuneration (excluding external directors) consists of a maximum 40,000 points per fiscal year (equivalent to 40,000 shares).

Remuneration for auditors consists of basic remuneration according to status as full- or part-time. The amount of remuneration is capped at ¥8 million per month (¥96 million per year).

Remuneration of Directors and Auditors (Fiscal Year Ended December 2019)

Executive Category	Number of Eligible Individuals	Total Amount by Type of Remuneration			Total Remuneration (Million Yen)
		Fixed Remuneration (Million Yen)	Performance-Based Remuneration (Million Yen)	Stock Remuneration (Million Yen)	
Internal Directors	10	258	183	33	475
Auditors (excluding External Auditors)	3	52	—	—	52
External Directors	9	40	—	—	40
Total	22	351	183	33	569

Ratio by Type of Remuneration

	Fixed Remuneration	Performance-Based Remuneration	Stock Remuneration
Positioning	Basic Remuneration	Short-Term Incentive	Medium- and Long-Term Incentive
Variability	—	Single-Fiscal-Year Performance-Linked	Stock-Based
Ratio to Total Remuneration (Approx.)	50 to 60%	30 to 40%	5 to 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

Evaluation of the Effectiveness of the Board of Directors

We conduct a survey on the structure, agenda items, and operation of the Board of Directors once a year and evaluate the effectiveness of the Board of Directors based on the results. Below is an overview of the effectiveness evaluation in FY2019.

Evaluation Process

A questionnaire survey was conducted for all directors and auditors. The responses were aggregated and analyzed, and the results were shared in a Board of Directors meeting, where future issues and measures were discussed.

Evaluation Items

Structure	Ratio, number, and diversity of external directors
Agenda	Number, content, and monetary value of agenda items
Operation	Number of meetings, length of meeting, explanation provided prior to meeting, explanatory materials, explanation time, discussion time, and report content
Other	Support system, training

Evaluation Results 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 matters.

○ Matters whose Evaluation Improved from Last Year

- Sufficient time was allocated to discussion about the business and financial strategies from a medium- and long-term perspective during the process of formulating the long-term vision and medium-term management plan.
- A board member support system was enhanced by providing detailed explanation prior to meeting about the implementation of a property viewing tour and other agenda items.

○ Future Issues and Actions

- Try to make discussion more efficient and active by scrutinizing the details to be discussed and reported in the meeting to make it possible to allocate more time to discussion about the medium- and long-term management issues, management policies, etc.

Cross-Shareholdings

We acquire and hold stocks of other companies for non-investment purposes (cross-shareholdings) when we have determined that holding them will contribute to maintaining and increasing the medium- and long-term corporate value of our group by maintaining and strengthening business relations with our business partners.

We verify the appropriateness of holding individual cross-shareholdings stocks from a perspective of whether continuing holding them contributes to maintaining and increasing the corporate value of our group. The verification is performed by viewing the transaction results and prospects of real estate transactions, joint venture, construction/equipment transactions, and financial transactions, in addition to the dividend results. We report the verification and disposal results in a Board of Directors meeting at least once every year, and once

it is determined that holding such stocks does not have significance anymore according to the verification results, we try to reduce them while considering the impact on the stock market, etc.

In the medium-term management plan (FY2020-FY2024), we will reduce the cross-shareholdings stocks in an effort to increase the asset efficiency as part of efforts to review the asset portfolio.

Number of Cross-Shareholdings Stocks and Balance Sheet Total Amount (as of end of December 2019)

	Number of Stocks	Balance Sheet Total Amount (Million Yen)
Unlisted Stock	26	5,153
Stock other than Unlisted Stock	48	92,231

Compliance

Compliance Promotion

The Tokyo Tatemono 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 Tokyo Tatemono Group established a shared Compliance Charter for group companies. This

Tokyo Tatemono Group Compliance Charter

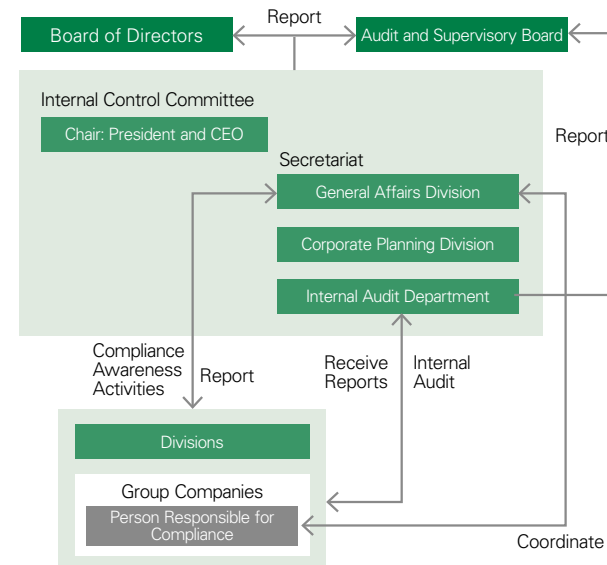
As we engage in corporate activities, we observe the Compliance Charter below:

- 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

charter is our pledge to society to promote corporate activities that are committed to unwavering compliance. The Tokyo Tatemono 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.

Compliance Promotion Structure



Compliance Training

Every year, the Tokyo Tatemono Group conducts groupwide joint training via e-learning. During 2019, approximately 4,000 managers and employees across 15 companies completed training or updated their understanding of revised laws. Training topics included the appropriate use of alcohol, information management (including anti-corruption initiatives and 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.).

Helpline

The Tokyo Tatemono Group established the Tokyo Tatemono Group Helpline, which is a shared group resource for employees to consult and report as a means to prevent legal issues or fraud. This resource is available to all group employees. The reports and consultations received through this system are reported to the Tokyo Tatemono Internal Audit Department, which reports directly to the president. The Internal Audit Department investigates and conducts fact-

In addition, we conducted joint training for new group hires, held seminars for harassment prevention training instructors (general manager level), sponsored seminars on the appropriate use of alcohol, conducted training for new Tokyo Tatemono employees, and provided leadership trainings for newly promoted individuals. 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 trials, tax reforms, and other information related to business activities throughout the group.

checking independently. We take appropriate measures, implementing prompt corrective actions and preventing the recurrence of any acts in violation of compliance. 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.

Risk Management

Basic Policy and Concept

The Tokyo Tatemono 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

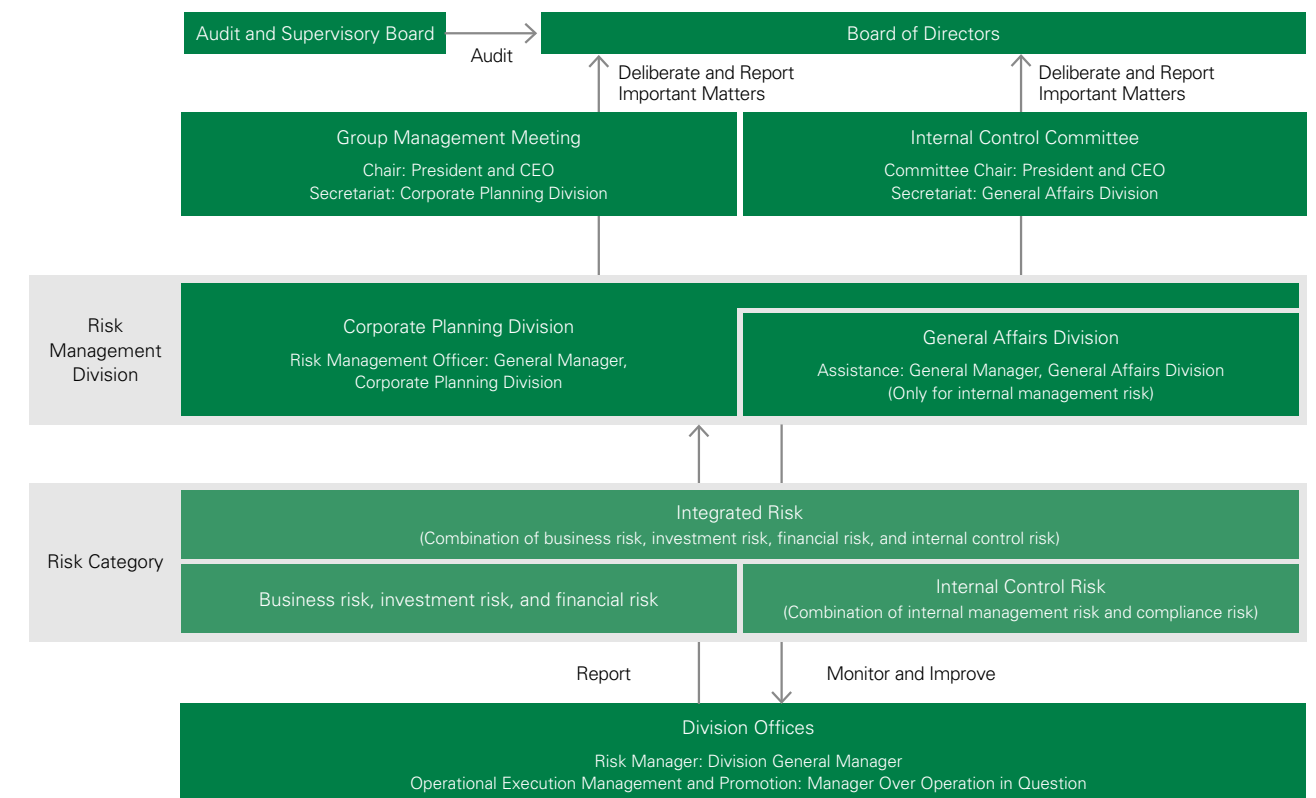
consistent risk management. When developing our risk management system, we referenced ISO31000 (international standard for risk management) and JIS Q 31010 (Japanese standard for risk management).

Risk Management Structure

We have identified and classified risks (and integrated risks that are combinations thereof) that may have a significant impact on the Tokyo Tatemono Group business: Investment risk, financial risk, business risk, and internal control risk. Integrated risks are managed by the Corporate Planning Division, which is the division in charge of risk management. Our Internal Control Committee, chaired by our president and CEO, deliberates and enacts measures related to internal control risk (internal management risk

and compliance risk) as a subset of integrated risks. The Group Management Meeting 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 includes monitoring and improving the status of risk management operations.

Risk Management Structure



Key Financial and Non-Financial Data

Financial Data

	Unit	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019
Operating Results												
Revenue from operations	Million yen	262,609	198,274	166,943	194,161	220,026	237,049	260,012	254,498	266,983	273,302	323,036
Operating income (loss)	Million yen	29,162	24,055	(678)	30,892	29,361	30,559	34,439	36,363	44,757	46,765	52,410
Business income* ¹	Million yen	—	—	—	—	—	—	35,281	38,206	46,440	47,174	51,668
Recurring income (loss)	Million yen	19,331	13,687	(10,875)	21,741	21,959	17,317	24,796	30,635	39,416	42,036	44,611
Profit (loss) attributable to owners of the parent	Million yen	6,345	6,316	(71,774)	10,243	10,121	82,944	16,359	19,742	22,599	27,277	29,796
Financial Position												
Total assets	Million yen	969,492	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
Net assets	Million yen	259,292	262,597	192,101	212,491	262,276	305,808	312,530	325,593	353,419	356,578	384,211
Interest-bearing debt	Million yen	510,934	460,835	513,616	479,746	434,763	748,273	707,356	727,302	814,032	857,117	924,891
Cash Flow												
Cash flows from operating activities	Million yen	66,293	59,730	8,053	57,332	22,135	(4,790)	21,762	38,783	(14,196)	19,748	24,096
Cash flows from investing activities	Million yen	(48,915)	(1,464)	(37,164)	(15,385)	37,083	257,798	(21,250)	(53,024)	(64,508)	(63,577)	(64,082)
Cash flows from financing activities	Million yen	(18,487)	(53,122)	41,116	(35,855)	(47,119)	(277,787)	(40,177)	9,005	77,998	34,438	48,000
Net increase (decrease) in cash and cash equivalents	Million yen	(1,080)	4,828	11,982	6,586	12,804	(24,744)	(39,689)	(5,164)	(825)	(9,513)	7,794
Cash and cash equivalents at beginning of year	Million yen	16,078	20,906	32,889	39,466	52,271	86,907	47,217	42,053	41,227	31,702	39,497
Financial Indicators												
ROE	%	2.7	2.5	(32.5)	5.3	4.4	33.2	5.6	6.4	6.8	7.9	8.2
ROA	%	3.1	2.6	0.0	3.5	3.3	2.3	2.8	3.1	3.6	3.5	3.7
Equity capital ratio	%	26.2	27.6	20.6	22.9	26.7	21.7	23.2	24.2	23.9	24.0	24.0
Debt equity ratio	Times	2.0	1.8	2.8	2.3	1.7	2.6	2.3	2.3	2.4	2.5	2.5
Interest-bearing debt / EBITDA multiple	times	13.2	13.8	53.6	11.6	10.9	15.9	13.4	13.0	12.5	12.7	12.6
Stock price information												
Profit (loss) per share	Yen	19.51	14.67	(166.67)	23.79	23.55	193.12	75.91* ³	91.00	104.17	125.79	141.59
Net assets per share	Yen	590.82	594.74	429.46	476.23	583.11	665.51	1,390.07* ³	1,465.30	1,589.98	1,605.70	1,794.15
Annual dividend per share	Yen	10	8	0	5	5	6	20* ³	26	30	35	41
Payout ratio	%	51.3	54.5	—	21.0	21.2	3.1	26.3	28.6	28.8	27.8	29.0

*1 Business income = operating income + equity gains (losses) of affiliated companies. This is a profit indicator set in our medium-term management 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 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	2015	2016	2017	2018	2019
Full-time (FT) Employees	Persons	576	584	687	719	749
Ratio of FT Women Employees	%	20.5	21.1	21.1	23.8	24.8
Managers	Persons	281	295	339	350	360
Ratio of Women Managers	%	2.1	2.7	3.2	4.6	5.0
New Hires	Persons	15	14	19	22	20
Ratio of Women New Hires	%	33.3	28.6	21.1	36.4	25.0
Ratio of Disabled Persons Hired* ⁴	%	2.06	1.88	1.98*	1.87*	1.81*
Ratio of Employees Re-hired at Retirement	%	66.7	75.0	91.7	87.5	100
Turnover Rate(personal reasons)	%	2.2	1.4	1.4	2.6*	2.1*
Percent of Employees Taking Health Checkups* ⁵	%	100	100	100*	100*	100*
Avg. Number of Paid Leave Days Taken* ⁶	Days	8.8	8.7	8.8*	9.9*	10.6*
Workplace Incidents* ^{5,7}	Incidents	2	1	0*	1*	0*
Total Days Lost Due to Absence* ⁸	Days	138	47	81*	137*	122*

*4 As of June in each year

*5 April through March of the following year

*6 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)

*7 Workplace Incidents: Accidents that occur during work that result in one or more days of absence

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

*9 April through March of the following year Figures marked with an asterisk

(*) have been guaranteed by a third party

Non-Financial Data (Environmental)*⁹

(Tokyo Tatemono, Non-Consolidated)	Unit	2015	2016	2017	2018	2019
Energy Consumption (Crude Oil Equivalent)	kl	22,822	21,592	22,083*	23,895*	24,165*
Intensity figure	kl / thousand m ²	36.3	35.4	34.2	35.0	34.0
Greenhouse Gas (GHG) Emissions	t-CO ₂	45,059	44,629	42,147*	48,888*	51,465*
Scope 1	t-CO ₂	3,243	2,553	2,402*	3,300*	2,871*
Scope 2	t-CO ₂	41,816	42,076	39,745*	41,259*	41,392*
Scope 3	t-CO ₂	—	—	—	4,329*	7,202*
Intensity figure (ex-Scope 3)	t-CO ₂ /Thousand m ²	71.6	73.1	65.3	65.2	62.3
Water Usage (Potable Water)	Thousand m ³	569	579	584*	654*	622*
Intensity figure	m ³ / m ²	0.9	0.9	0.9	1.0	0.9
Total waste emissions	t	4,685	4,914	5,173*	4,945*	5,151*
Intensity figure	t / Thousandm ²	7.9	8.6	8.6	8.3	8.5
Recyclable Waste Emissions	t	—	—	3,395	3,202*	3,280*

Non-Financial Data (Governance)

(Tokyo Tatemono, Non-Consolidated)	Unit	2015	2016	2017	2018	2019
Number of Helpline Calls and Consultations	Incidents	28	15	44	59	56
Number of corruption/bribery cases uncovered	Incidents	0	0	0	0	0
Number of antitrust/anti-competitive behavior cases uncovered	Incidents	0	0	0	0	0
Number of other compliance violations uncovered	Incidents	0	0	0	0	0

*See P.55 for data related to our board of directors

Financial Statements

Consolidated Balance Sheet

	Millions of yen	
	FY2018*	FY2019
Assets		
Current assets:		
Cash and deposits	31,716	39,504
Notes and accounts receivable, trade	11,876	13,179
Real estate for sale	104,221	151,004
Real estate for sale in progress	101,059	98,216
Real estate for development	78,157	88,104
Other current assets	26,369	34,635
Allowance for doubtful accounts	(43)	(45)
Total current assets	353,358	424,600
Fixed assets		
Property and equipment		
Buildings and structures	362,482	361,679
Accumulated depreciation	(137,216)	(147,366)
Buildings and structures (net amount)	225,265	214,312
Land	527,272	550,565
Construction in progress	8,479	13,928
Other	28,284	28,042
Accumulated depreciation	(16,501)	(17,219)
Other, net	11,782	10,822
Total property and equipment	772,800	789,628
Intangible and other assets		
Leasehold right	106,083	110,745
Goodwill	3,136	1,192
Other	1,196	1,137
Total intangible and other assets	110,416	113,076
Investments and other assets		
Investment securities	127,788	155,858
Investments in silent partnerships	4,904	4,469
Long-term loans	7	6
Deferred tax assets	1,855	1,900
Guarantee deposits paid	21,232	21,754
Net defined benefit asset	858	1,819
Other investments	56,966	51,033
Allowance for doubtful accounts	(98)	(97)
Total investments	213,515	236,745
Total fixed assets	1,096,732	1,139,449
Total assets	1,450,091	1,564,049

	Millions of yen	
	FY2018*	FY2019
Liabilities		
Current liabilities		
Short-term borrowings	65,925	226,119
Commercial papers	33,000	85,000
Current portion of bonds payable	15,000	15,000
Accounts payable, trade	11,193	11,482
Accrued income taxes	5,835	8,321
Provision for warranties for completed construction	10	9
Provision for bonuses	929	903
Provision for directors' bonuses	43	24
Provision for environmental measures	—	3
Provision for loss on liquidation of subsidiaries and affiliates	—	280
Deposits received under real estate specified Joint enterprise law	8,042	8,991
Other	45,944	53,107
Total current liabilities	185,924	409,242
Non-current liabilities		
Bonds payable	145,000	210,000
Long-term debt	594,449	385,932
Deferred tax liabilities	20,299	26,650
Deferred tax liabilities for land revaluation	27,277	27,187
Provision for directors' incentive plan trust	53	88
Provision for directors' retirement benefits	169	192
Provision for environmental measures	30	26
Guarantee deposits received	75,245	77,062
Retirement benefit liabilities	11,477	12,099
Deposits received under real estate specified Joint enterprise law	18,600	15,091
Other	14,985	16,263
Total long-term liabilities	907,588	770,595
Total liabilities	1,093,512	1,179,837
Net assets		
Shareholders' equity		
Capital stock	92,451	92,451
Capital surplus	66,722	66,744
Retained earnings	107,468	129,170
Treasury stock	(237)	(10,232)
Total shareholders' equity	266,404	278,133
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	49,859	65,002
Revaluation difference on land	30,932	31,022
Foreign currency translation adjustments	872	248
Remeasurement of retirement benefits	61	600
Total of accumulated other comprehensive income	81,726	96,874
Non-controlling interests	8,447	9,203
Total net assets	356,578	384,211
Total liabilities and net assets	1,450,091	1,564,049

* 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.

Consolidated Statement of Income and Consolidated statement of comprehensive income

Millions of yen

Consolidated Statement of Income	FY2018*	FY2019
Revenue from operations	273,302	323,036
Cost of revenue from operations	192,134	233,342
Gross profit	81,168	89,694
Selling, general and administrative expenses	34,402	37,283
Operating income	46,765	52,410
Non-operating income		
Interest income	8	35
Dividends income	2,411	2,848
Equity in income of affiliated companies	408	—
Subsidy income	430	319
Other	333	334
Total non-operating income	3,593	3,537
Non-operating expenses		
Interest expenses	6,020	6,970
Borrowing fee	1,156	1,159
Equity in loss of affiliated companies	—	742
Bond issuance expenses	206	728
Distribution from real estate specific joint enterprises	351	213
Loss on investment partnerships	47	1,207
Other	538	313
Total non-operating expenses	8,321	11,335
Recurring income	42,036	44,611
Extraordinary income		
Gain on sale of fixed assets	54	75
Gain on liquidation of subsidiaries and affiliates	—	710
Gain on sales of investment securities	28	1,858
Gain on sales of investments in capital of subsidiaries and affiliates	637	288
Total extraordinary income	720	2,932
Extraordinary loss		
Loss on sale of fixed assets	0	0
Loss on retirement of fixed assets	159	262
Impairment loss	2,495	1,350
Loss on sales of investments in capital of subsidiaries and affiliates	—	321
Provision for loss on liquidation of subsidiaries and affiliates	—	280
Total extraordinary loss	2,655	2,215
Profit before income taxes and minority interests	40,101	45,329
Current income taxes	13,266	15,244
Deferred income taxes	(1,321)	(739)
Total income taxes	11,945	14,504
Profit	28,155	30,824
Profit attributable to non-controlling interests	878	1,027
Profit attributable to owners of parent	27,277	29,796

Consolidated statement of comprehensive income

Profit	28,155	30,824
Other comprehensive income		
Valuation difference on available-for-sale securities	(12,987)	15,573
Revaluation difference on land	—	90
Foreign currency translation adjustments	(256)	(174)
Remeasurement of retirement benefits	(602)	538
Share of other comprehensive income of associates accounted for using equity method	(3,401)	(449)
Total of other comprehensive income	(17,248)	15,578
Comprehensive income	10,907	46,402
Comprehensive income attributable to:		
Owners of parent	10,366	44,945
Non-controlling interests	540	1,456

Consolidated Statement of Cash Flows

Millions of yen

	FY2018*	FY2019
Cash flows from operating activities		
Profit before income taxes and minority interests	40,101	45,329
Depreciation and amortization	16,448	17,277
Impairment loss	2,495	1,350
Amortization of goodwill	1,709	1,647
Equity in (income) loss of affiliated companies	(408)	742
Increase (decrease) in allowance for doubtful accounts	13	1
Increase (decrease) in provision for bonuses	151	(34)
Increase (decrease) in provision for bonuses to directors and corporate auditors	(1)	(18)
Increase (decrease) in provision for share-based remuneration for directors	53	35
Increase (decrease) in provision for retirement benefits for directors	(54)	(49)
Increase (decrease) in provision for environmental measures	(233)	(0)
Increase (decrease) in provision for loss on liquidation of subsidiaries and affiliates	—	280
Increase (decrease) in retirement benefit liabilities	305	437
Interest and dividend income	(2,420)	(2,883)
Interest expenses	6,020	6,970
Loss on investment partnerships	47	1,207
Loss (gain) on sales of investment securities	(28)	(1,858)
Loss (gain) on sales of investments in capital of subsidiaries and affiliates	(637)	32
Loss (gain) on liquidation of subsidiaries and affiliates	—	(710)
Loss (gain) on sales and retirement of fixed assets	105	187
(Increase) decrease in accounts receivable, trade	(1,104)	(1,278)
(Increase) decrease in inventories	(23,273)	(34,533)
Increase (decrease) in guarantee deposits received	1,155	2,644
Increase (decrease) in accounts payable, trade	1,381	291
(Increase) decrease in guarantee deposits paid	132	(485)
Increase (decrease) in deposits	(5,936)	7,226
Other	772	(3,130)
Subtotal	36,794	40,680
Interest and dividends received	4,004	2,883
Interest paid	(6,013)	(6,616)
Income taxes paid	(15,038)	(12,850)
Net cash provided by (used in) operating activities	19,748	24,096

* 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.

Consolidated Statement of Cash Flows

Millions of yen

	FY2018*	FY2019
Cash flows from investing activities		
Proceeds from sale of marketable and investment securities	8,186	2,556
Payment for purchase of marketable and investment securities	(11,625)	(7,911)
Payment for acquisition of subsidiary shares involving changes in the scope of consolidation	—	(27)
Payment for investments in capital of subsidiaries and affiliates	(6,235)	(4,223)
Proceeds from redemption of investments in capital of subsidiaries and affiliates	—	3,884
Proceeds from sales of investments in capital of subsidiaries and affiliates	3,079	4,078
Payment for investments in silent partnership	(767)	(810)
Proceeds from withdrawal of investments in silent partnership	2,112	1,244
Proceeds from sale of fixed assets	1,350	4,518
Payment for purchase of fixed assets	(40,798)	(64,726)
Increase (decrease) in investments received for real estate specific joint enterprises	(22,071)	(2,560)
Other	3,191	(105)
Net cash provided by (used in) investing activities	(63,577)	(64,082)
Cash flows from financing activities		
Increase (decrease) in short-term borrowings	(76)	0
Increase (decrease) in commercial paper	18,000	52,000
Increase in long-term debt	62,750	17,500
Repayment of long-term debt	(51,868)	(65,822)
Payments for long-term accounts payable, other	(903)	(902)
Proceeds from issue of bonds	35,000	80,000
Redemption of bonds	(20,000)	(15,000)
Payment for acquisition of subsidiary shares not involving changes in the scope of consolidation	—	(113)
Proceeds from sales of treasury stock	0	1
Acquisition of treasury stock	(205)	(10,004)
Dividends paid	(6,935)	(8,085)
Dividends paid to non-controlling interests	(577)	(591)
Other	(744)	(979)
Cash flows from financing activities	34,438	48,000
Effect of exchange rate changes on cash and cash equivalents	(122)	(220)
Net increase (decrease) in cash and cash equivalents	(9,513)	7,794
Cash and cash equivalents at beginning of year	41,227	31,702
Decrease in cash and cash equivalents resulting from exclusion of subsidiaries from consolidation	(10)	—
Cash and cash equivalents at end of year	31,702	39,497

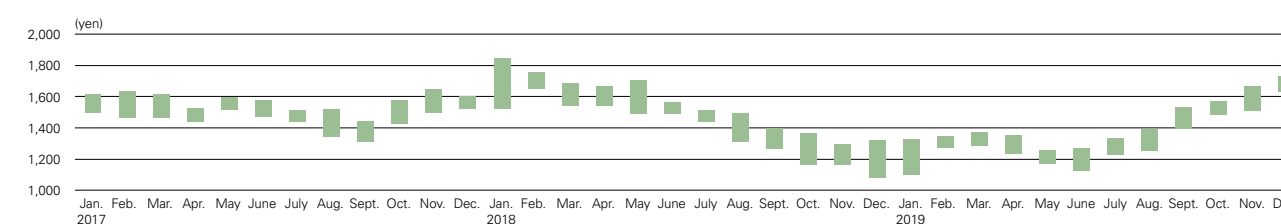
* We have applied the Partial Amendments to Accounting Standard for Tax Effect Accounting, etc. beginning in the fiscal year ended December 2019. Figures for the fiscal year ended December 2018 reflect the retroactive application of this accounting standard.

Data

Corporate Data

Company Name	Tokyo Tatemono Co., Ltd.
Established	October 1, 1896
Capital	92.4 billion yen (As of December 31, 2019)
Representative	Hitoshi Nomura, President and Chief Executive Officer
Number of Consolidated Employees	5,396 (As of December 31, 2019)
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	216,963,374 shares (As of December 31, 2019)

Stock Price



Please refer to the following for more information.

Financial Information

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



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



Non-Financial Data

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



Sustainability Report 2020
https://tatemono.com/csr/english/reports/pdf/2020csrall_e.pdf



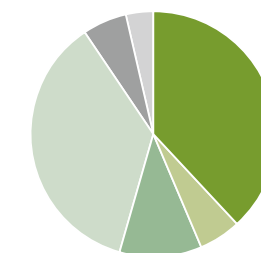
ESG Data Book 2020
https://www.tatemono.com/csr/english/uploads/esgdata_2020_01.pdf



Principal Shareholders (As of December 31, 2019)	Number of Shares Owned (thousands of shares)	Ratio of Shares Owned
Master Trust Bank of Japan, Ltd. (Trust Account)	20,430	9.77%
Japan Trustee Services Bank, Ltd. (Trust Account)	17,250	8.25%
J.P. MORGAN BANK LUXEMBOURG S.A. 384500	9,098	4.35%
Sompo Japan Nipponkoa Insurance Inc.	4,744	2.27%
Meiji Yasuda Life Insurance Company	4,729	2.26%
THE BANK OF NEW YORK MELLON 140051	4,396	2.10%
Japan Trustee Services Bank, Ltd. (Trust Account5)	4,369	2.09%
SMBC Nikko Securities Inc.	3,244	1.55%
JP MORGAN CHASE BANK 385151	3,211	1.54%
BNYM AS AGT/CLTS 10 PERCENT	3,039	1.45%

Breakdown by Shareholder Type (As of December 31, 2019)

Shareholder Type	%
Financial institutions	38.18
Securities companies	5.51
Other	
Japanese corporations	11.01
Foreign corporations	36.04
Individuals, other	5.65
Treasury stock Japan Securities Depository Center, Inc.	3.61





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