

TOKYO TATEMONO GROUP

INTEGRATED REPORT 2023



Foreword

Thank you for taking the time to review the Tokyo Tatemono Group Integrated Report 2023.

We have been publishing integrated reports since 2019, and this is our fifth. I speak regularly with our shareholders, our investors and a wide range of our stakeholders. Each year, I keep those interactions in mind as we work to improve the content of this report. I hope it can serve as a tool to help people understand our company more deeply and to enrich our conversations.

We will continue working to enhance and improve the content of our disclosure and the transparency of information so that we can clearly communicate our management vision and goals. I hope that you will read this integrated report in full and share frankly any thoughts or impressions you may have. We appreciate your continued support.

July 2023

Representative Director, Senior Managing Executive Officer



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Corporate Philosophy

“Trust beyond the era.”

We aim to grow the Company and to create a prosperous society,
taking pride in the level of trust placed in us for more than a century.

Corporate Stance

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

Editorial Policy

The *Tokyo Tatemono Integrated Report 2023* has been prepared with the goals of enhancing communication with stakeholders and fostering understanding regarding the intentions of the Tokyo Tatemono Group to create value over the medium to long term through the provision of financial and non-financial information. For future reports, we intend to incorporate feedback from readers to improve the content.

Reporting Period

This report primarily covers fiscal 2022, the fiscal year ended December 31, 2022. 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 IFRS Foundation'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.

A History of Value Creation

A pioneer of the modern real estate industry and driven by ideals inherited from Zenjiro Yasuda, the founder not only of the Company but of the former Yasuda conglomerate, Tokyo Tatemono has been a trailblazer since its founding. With a solid 125-year track record of value creation, we have established three distinct pillars of strength.

Strength 1

Ingenuity and Problem-solving Ability to Meet the Needs of Customers and Society

1896

Japan's Oldest Comprehensive Real Estate Company, Created with the Aim of Modernizing the Real Estate Trade

Urbanization progressed as infrastructure and other improvements were made and demand for real estate was on the rise. Unfortunately, the real estate trade of the time was highly inefficient and rife with fraud.

It was amid this business environment that Zenjiro Yasuda founded Tokyo Tatemono in 1896 with the aim of modernizing the industry and promoting urban development while selling and contracting the construction of buildings using real estate financing and loans.



Zenjiro Yasuda



The Company's first headquarters



Shinjuku Center Building has become a west Shinjuku landmark and contributed greatly to raising Tokyo Tatemono's profile and subsequent business expansion. (Built in 1979)

1945

The Expansion of Commercial Properties and Residential Businesses amid Post-War Rebuilding Efforts and Rapid Economic Growth

The post-World War II era saw high demand for reconstruction-related demand driving fast-paced growth for Tokyo Tatemono as a company as well as throughout our industry.

During Japan's period of rapid economic growth, we responded to a serious urban housing shortage and rising demand for residences near workplaces by making a full-fledged entry into the condominium business. Supplying high-quality yet budget-friendly condominiums, we garnered customer support.

At the same time, we focused efforts on developing office buildings to meet the rising demand as urban functions came to be increasingly consolidated in city centers.

Strength 2

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

Circa
1990

Striving to Differentiate Ourselves by Leveraging the Comprehensive Strength of the Group

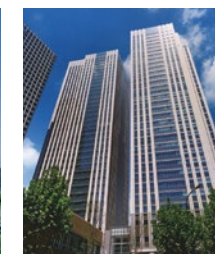
After the collapse of Japan's economic bubble, we deftly adapted to the changing business environment by, in part, planning seismically isolated and fixed-term lease condominiums and proactively participating in redevelopment projects. In 1998, we also proactively expanded into the real estate investment market, conducting the first securitization of real estate in Japan under the Special Purpose Company Act. In 2003, we unified our condominium operations under the Brillia brand and in 2004, began giving tours of construction sites, the first in the industry to do so.

In the Commercial Properties Business, we rapidly grew as a comprehensive real estate developer with repeated successes in highly difficult complex redevelopment projects as well as private finance initiative (PFI) projects.

Brillia



Olinas is Tokyo's first complex redevelopment project in which three aspects of urban planning were determined simultaneously. (Built in 2006)



KASUMIGASEKI COMMON GATE is a pioneering public-private, large-scale redevelopment project executed using a private finance initiative (PFI) structure. (Built in 2007)

Strength 3

Accumulated Trust, Track Record of Accomplishments, and Expertise

Late
2000s
|

Urban Development Leading to a Future of Added Value Creation

Drawing on its accumulated expertise, Tokyo Tatemono aggressively undertakes ever larger redevelopment projects expected to create added value.

Although we recorded a loss following the global financial crisis, we strengthened our financial standing in part through the sale of some assets.

We continue to participate in multiple large-scale redevelopment projects and expand our portfolio of high-quality real estate in part through the acquisition of various assets, including logistics facilities and hotels.



NAKANO CENTRAL PARK enables an efficient office layout through the use of a mega plate (for an uninterrupted single floor) measuring 1,500 tsubo (nearly 5,000 m²) while offering a new style of working in an open, green environment. (Built in 2012).



Brillia Tama New Town is Japan's largest apartment complex reconstruction project. (Built in 2013)



Brillia Tower Ikebukuro is Japan's first high-rise condominium that integrates the main building of a municipal office. The property features a low-rise section that serves as the main Toshima Ward office building, along with retail facilities and offices. The high-rise tower section houses 432 residential units. (Built in 2015)

2020
|

Becoming a Next-Generation Developer

We Aim to Provide Value of Place and Maximize Value of Experience

Since 2020, in line with our long-term vision of becoming a next-generation developer by around 2030, we have striven to offer better solutions to society's problems and raise our own growth as an enterprise to a higher level.

We are working to enhance ESG management as set out in the medium-term business plan spanning fiscal 2020 to 2024 and are pursuing sustainable, high value-added urban development based on the Group's material issues.



Hareza Ikebukuro is a large-scale complex on the site of the former Toshima ward office and Toshima public hall. (Built in 2020)

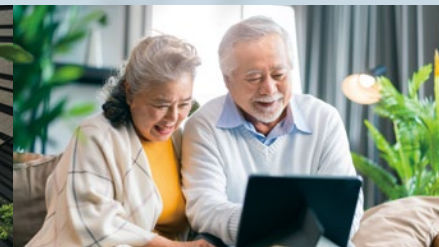
With eight theaters, we frequently promote different genres of culture at the same time and strive to make the entire area more exciting and attractive through area management activities enabled by the formation of a general incorporated association.



Urban Redevelopment Project for Yaesu 1-Chome East Area in Front of Tokyo Station is a large-scale redevelopment project that includes the Company's former headquarters. (Construction slated to finish in FY2025)

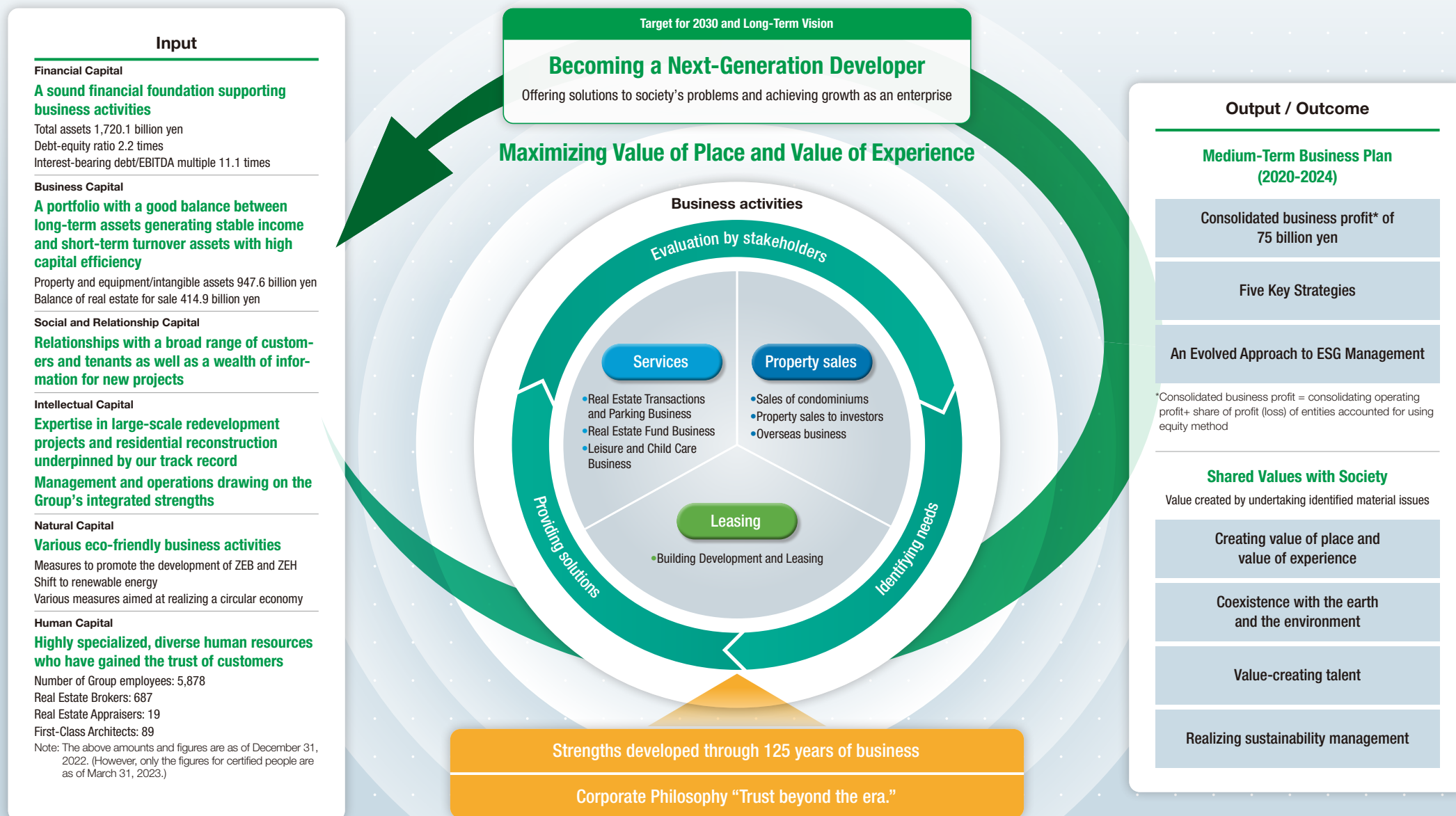
We are currently working hard on the consolidation of advanced urban functions that help strengthen Tokyo's competitiveness on the international stage while pursuing high value-added urban development that connects local history and culture to the future.

The Tokyo Tatemono Group aims to realize its long-term vision of becoming a next-generation developer by continuing to implement a cycle of maximizing value of place and value of experience by leveraging the strengths we have cultivated through more than 125 years of business.



Value Creation Process

The value creation process of the Tokyo Tatemono Group is a cycle based on the corporate philosophy of “Trust beyond the era.” As input, we use various types of capital. Our output (real estate and services) comes from business activities enabled by the Group’s strengths. The outcome (results and value) further strengthens our capital.

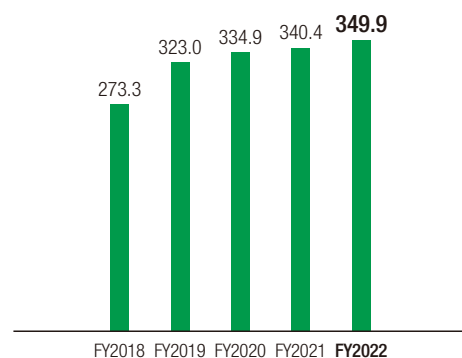


Financial and Non-Financial Highlights

Financial Highlights

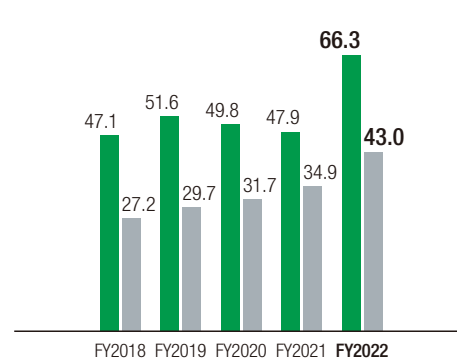
Operating Revenue

(Billion yen)

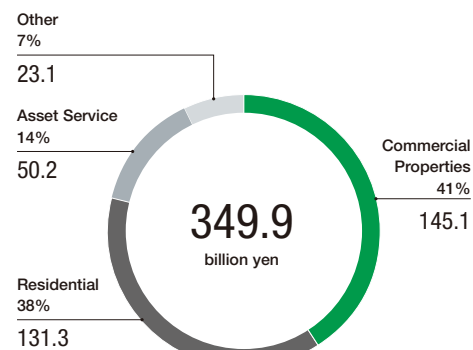


Business Profit / Profit Attributable to Owners of Parent

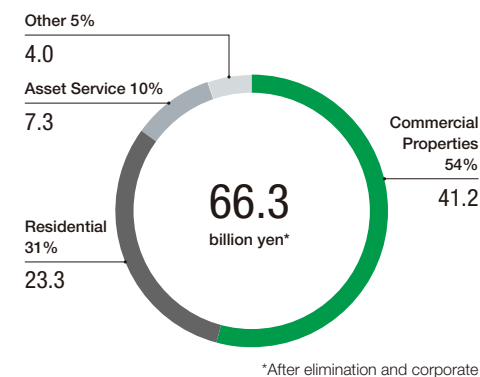
■ Business profit ■ Profit attributable to owners of parent
(Billion yen)



Operating Revenue per Segment (FY2022)

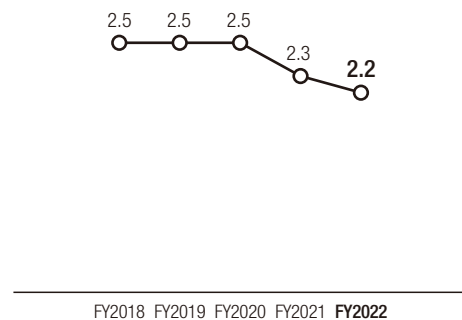


Business Profit per Segment (FY2022)



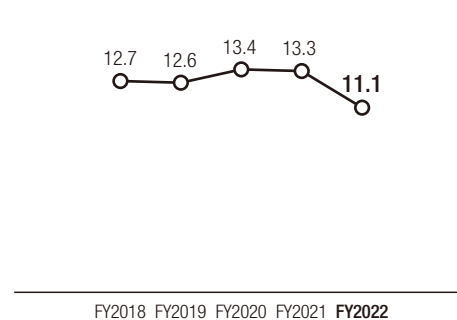
Debt-equity Ratio

(Times)



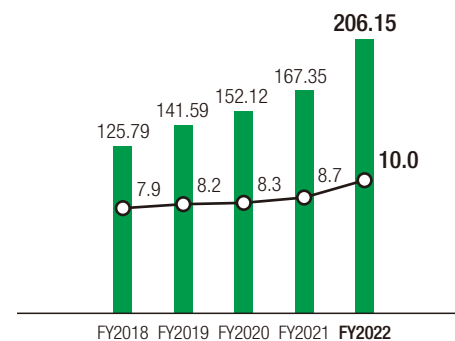
Interest-bearing Debt / EBITDA Multiple

(Times)



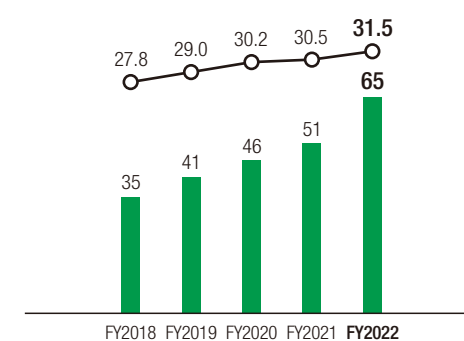
Earnings per Share (EPS) / ROE

■ Earnings per share (EPS) (Yen) ○ ROE (%)



Annual Dividend per Share / Payout Ratio

■ Annual dividend per share (Yen) ○ Payout ratio (%)



Financial and Non-Financial Highlights

Non-Financial Highlights

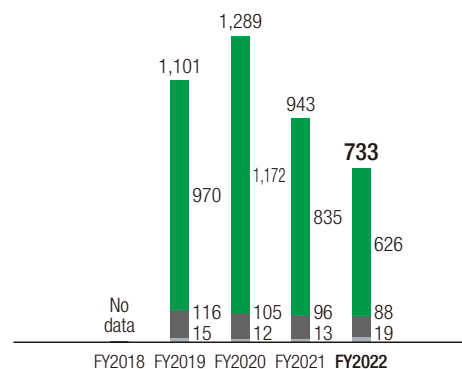
* For detailed information and notes on each item, please refer to the Data section of the Sustainability Report.



(Sustainability Report 2023) Data (Environment and Social) p. 85-91

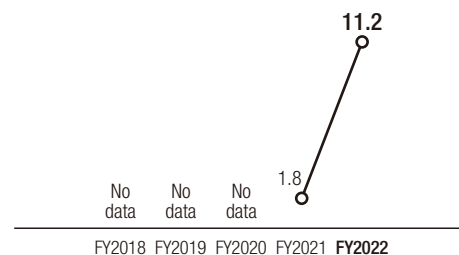
CO₂ Emissions

■ Scope 1 (fuel-derived) ■ Scope 2 ■ Scope 3
(Thousand t-CO₂)



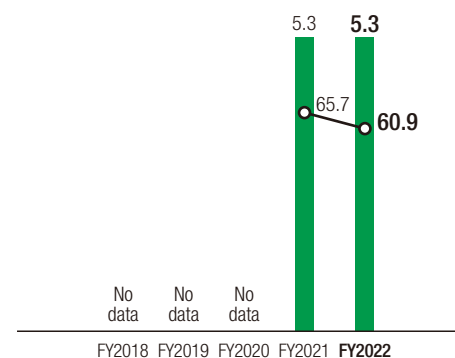
Renewable Energy (electricity) Usage Rate

(%)



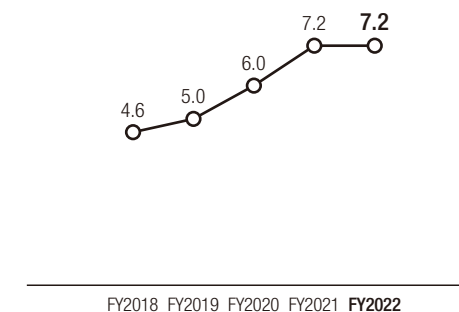
Waste Emissions per Unit Load of Production and Recycling Amount

■ Waste emissions per unit load of production (ton/thousand m²)
○ Recycling amount (%)



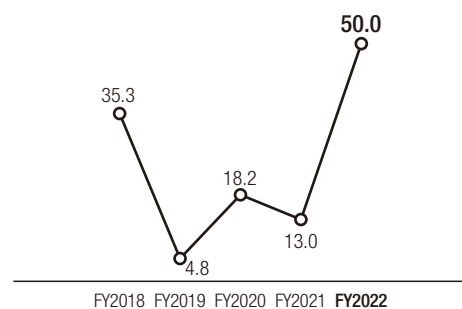
Percentage of Management Positions Held by Women

(%)



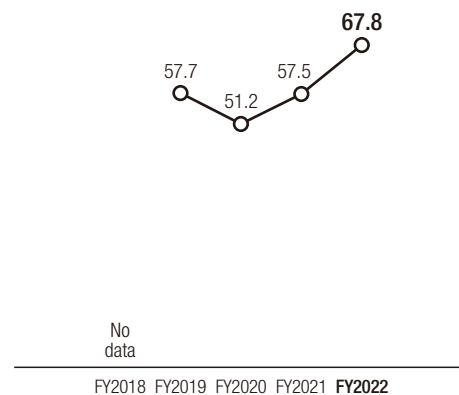
Percentage of Childcare Leave Taken (men)

(%)

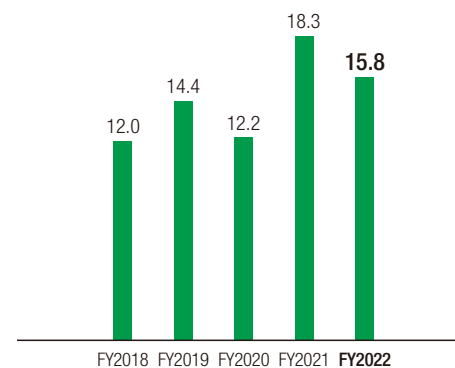


Average Annual Paid Leave Utilization Rate

(%)

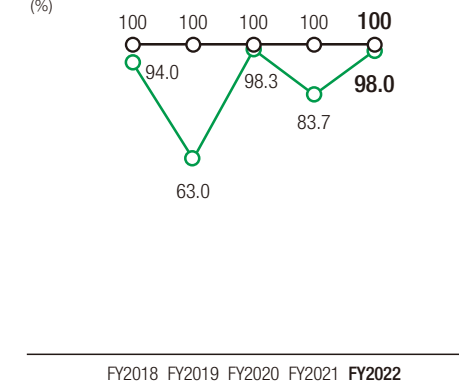


Average Annual Training Hours



Health Check-up and Reexamination Rate

○ Percentage of employees who underwent a health check-up
○ Health check reexamination rate
(%)



Message from the CEO

“Becoming a Next-Generation Developer” by drawing on our personal strengths to provide value in our everyday operations

Hitoshi Nomura

Representative Director
President and CEO



Message from the CEO

1 Engaging in urban development as a local of Yaesu-Nihonbashi-Kyobashi area

Founded 127 years ago in the Yaesu-Nihonbashi-Kyobashi area, Tokyo Tatemono is a true local and has worked with nearly everyone in the district. The Yaesu Project, a large-scale redevelopment project that encompasses our former headquarters building, is slated for completion in fiscal 2025 as an area of high-rise mixed-use buildings in front of Tokyo Station that will integrate tradition and modernity.

Well aware that real community development does not end with the construction of a building, we will continue to work cooperatively with others in the community to achieve more than a single company is able to do on its own. This project is in line with one of our material issues—strengthening Tokyo's competitiveness as an international city—and is essential to Japan's future prosperity.

The Yaesu-Nihonbashi-Kyobashi area is one of the most valuable areas in Tokyo and we are proud to be contributing to the city's competitiveness through a number of projects.

By fostering strong relationships with the community, passing on traditions and culture to the next generation, and offering appealing urban infrastructure and services that will aid in Tokyo's continued globalization, we will display our true worth as a developer.

2 The Company's strength lies in everyday personal strengths

The ordinary personal strengths of our employees are indispensable to our continued business as a developer. Involving more than 80 landowners, the Yaesu Project is one of the most challenging redevelopment projects in Japan in terms of securing agreements across the board. When working with individuals or corporations, the Company assigns responsibility for directly communicating with the clients to a single employee. They must consider: How do we gain their full trust? Put them at ease with entrusting us with their business? Make working with us even more appealing? Building solid one-on-one relationships over time through repeated contact eventually bears fruit, leading to the acquisition of projects and business success.

When building condominiums, it is not enough to simply subdivide buildings. Over the years, we have formed agreements with numerous landowners and management associations and then received orders for new reconstruction projects, creating a virtuous cycle; the sealing of deals often happens for reasons that have nothing to do with money, among them the trust that comes with the Tokyo Tatemono name or a client wanting to see things through to the very end with a trusted account manager. For developers, securing a consistent stream of future quality projects is essen-



tial. Sometimes new project propositions come in thanks to the referral of a satisfied customer. We constantly aspire to be a business with a reputation that grows organically through word of mouth and to further expand on this foundation because in some ways the world is smaller than you imagine. When you get right down to it, a company's strength comes down to retaining personnel with the requisite personal strengths.

We have established "Trust beyond the era." as our corporate philosophy. The conviction that trust is something that, once tarnished, can never be returned to its original luster, no matter how much time passes, is something I keep firmly in mind. Behaving with sincerity is a valuable skill. Every one of our employees considers the best way to gain customer trust and communities and then consistently acts accordingly, creating relationships and work that leads to future involvement. I believe this mindset is evident in the way we carry out everyday actions, such as greeting others, keeping promises, and maintaining eye contact during conversations. In light of this, the Company's ideal job candidates are trustworthy people who forge their own paths. At the same time, we must never lose sight of the need to be diligent and thorough.

The Company's corporate culture and DNA have played a role in shaping this mindset, which must be regularly reinforced and passed down. In the last few years, our employee engagement survey has identified a lack of communication as an issue, so we have launched various measures to redefine the Company's essential "goodness." We have recently expanded our workforce, bringing in both new graduates and mid-career professionals. Even so, we are a company with a limited number of employees, and we want to cultivate our strength by fostering a sense of unity.

Message from the CEO



3 | Expecting a solid business performance for the remaining two years of the medium-term business plan

Looking back on the five-year medium-term business plan that began in 2020 (the “Plan”), I realize we have made steady progress despite some unanticipated events. Kicking off at the start of the COVID-19 pandemic, the first three years were filled with uncertainty. However, the negative impact on our business performance proved to be not that significant, and some aspects of our business even benefited. Accordingly, the Company’s results remained solid, especially for our mainstay Commercial Properties Business and Residential Business.

In the Commercial Properties Business, the market’s vacancy rate rose due to effects of the pandemic, but we think the effects were temporary and will settle as things return to normal. In addition, we are aware that a number of companies have decided to permanently change their employees’ workstyles by switching to a focus on remote work and some have reduced their office space. However, I believe that there will be no major impact on Japan’s overall office market and that most companies will return to office-centric workstyles. Actually, because office demand peaked in 2019, we are now seeing a solid trend of companies that were unable to secure an office in their ideal location in the past seizing on the current opportunity to upgrade while integrating and expanding their office space. The massive supply of office space in 2023 has given rise to concerns that some areas could see another rise in vacancies in existing buildings in less attractive locations. However, given that our office portfolio is highly competitive and includes large-scale

redevelopment projects that will be completed in the near term, we have determined that for us there is no cause for serious concern.

In the Residential Business, sales prices are still on the rise due to a low interest rate environment and an increase in wealthy individuals in Japan. Interest in residences has been growing since the start of the pandemic. Owing to these factors, the market has remained stable. Also, prices are unlikely to fall because of a limited supply of newly built condominiums. In fiscal 2022, we were able to record a very high gross margin in excess of 30% for properties scheduled for delivery. Fiscal 2023 kicked off with the percentage of agreements for properties scheduled for delivery at over 70% and projections for fiscal 2024 call for the year to begin with the percentage at over 50%, as sales proceeded apace. We do not expect this business environment to change much and are not concerned about the outlook for the Residential Business in the Plan.

Meanwhile, in property sales to investors, which has expanded as a profit growth driver over the course of the Plan, we have been acquiring a diverse stock of assets, including logistics properties, and have been able to secure higher than expected sales prices. We recognize that there are concerns, especially among overseas investors, about the decline in the trading market due to rising interest rates, however, cash remains overabundant in Japan and steep interest rate hikes are unlikely, so I do not think there will be a significant impact on achieving the targets of the Plan.

Of course, due to changes in the business environment since the Plan was formulated, there are a few businesses where profit has been lower than anticipated. However, the aforementioned mainstay business results and property sales were able to offset any shortfalls. We are now even more confident that we will achieve the goals of the Plan.

4 | Continuing discussions aimed at sustainable growth and rational decision making

When considering sustainable growth, the Company’s most pressing concern is the magnitude and duration of the rising trend in construction costs. Although we have been seeing prices for materials and parts settling somewhat, personnel-related costs are still soaring due in part to the adoption of rules capping overtime work in the construction industry. We must consider the possibility that construction costs will stay high overall. Because construction is already under way, the impact of rising construction costs will be minimal for the Yaesu Project and most of the properties scheduled for sale during the Plan. In addition, because we reined in expenses to counter the rise in construction costs, I believe we can ensure appropriate profitability.

At issue going forward is land that has already been secured and ensuring the profitability of projects with agreements under which we bear the construction costs. From fiscal 2025, while rising

Message from the CEO

construction costs will have some effect on property sales to investors and condominium residences, we plan to fully start construction of other large-scale redevelopment projects. Most redevelopment projects are promoted in collaboration with groups of landowners, so it can be difficult to control when construction will begin. Aiming to achieve the profit growth outlined in the long-term vision, we need to regularly hold deeper discussions on what kind of strategies we should create for the entire Company.

We are also paying close attention to the effects of interest rate hikes on business results. Regarding fund procurement, we do not have any significant concerns because we have already been acquiring long-term, fixed-rate borrowings in consideration of the inherent nature of our business. However, in the Residential Business, performance is directly affected by customer's ability to purchase as well as the effects of the cap rate on real estate sales. Currently, long-term housing loan interest rates remain low and demand is holding steady. In my many years of experience, even if cap rates rise for logical reasons, when it comes to actual sales of highly competitive properties, transactions often take place at much higher levels, even in real estate sales. While keeping a watchful eye on the situation, we will continue to make rational decisions based on our experience to date and the local trade activity.

5 Focusing on initiatives aimed at sustainable management

Because the real estate business significantly affects the environment and society as a whole, we must address stakeholder demands head on to ensure the Company remains in operation. Although addressing environmental concerns could lead to higher costs, I feel that it is important to approach efforts to achieve the SDGs as opportunities as well as to consider the nature of the value we provide to customers and how our efforts are evaluated. Recognizing that it is imperative to intentionally set ambitious goals and have all employees work diligently together to achieve those goals, in fiscal 2021 we set medium- to long-term targets aimed at reducing greenhouse gas emissions and rolled out various initiatives. In February 2023, we further accelerated measures to achieve our medium- to long-term targets, for example, expanding the scope of properties covered and moving up the fiscal years we had originally set for achieving those targets. In the environmental field, while we may not have yet rolled out many measures unique to the Company, we have spearheaded such initiatives as installing solar panels on the roofs of developed logistics properties to supply power for in-house use with surplus power distributed to other Company facilities. Going forward, we will thoroughly discuss what the Company can and should do while striving to tackle challenges in various fields.

In April 2022, we identified seven priority issues related to human rights and began expanding human rights assessments when entering new businesses overseas. In the supply chain, we have made steady progress, such as attaching the Group's sustainable procurement standards to construction subcontracting agreements, encouraging compliance, and conducting surveys to monitor compliance status.

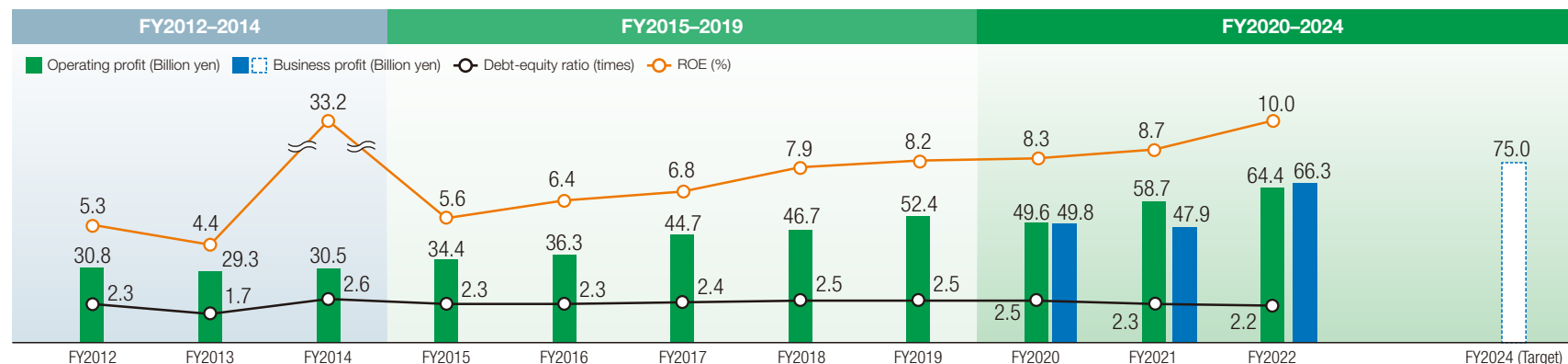
Regarding governance, I feel that discussions are frank regardless of the meeting type, whether they be the Company's Board of Directors meetings or management meetings. External directors have brought a fresh perspective, pointing out internal practices that have become habitual. Due to the nature of the real estate business, the amount of money involved in each investment project is ever larger. As a result, Board of Directors meetings were taking longer and longer to discuss each project. By further expanding the scope granted to managing officers for decision making regarding investment projects, we have enhanced the effectiveness of the Board of Directors and expanded medium- to long-term discussions, including those concerning the long-term vision, the Plan, and our business portfolio. In the effectiveness evaluation survey, we received feedback that we should increase the number of people with corporate management experience and that we need DX experts. We take this feedback seriously.

Diverse personnel are needed to support sustainable management, but I do not think our top management can make important decisions without a proper understanding of the inner workings of the real estate industry. Experience is crucial when making final decisions on whether to approve or reject various projects. Because there are non-logical aspects to the real estate business, namely personal relationships, I feel it is important to be able to make forecasts supported by experience and draw in good people. I believe that it's still vital to take advantage of these possibilities by building experience through everyday actions.

6 To be a good company for all stakeholders

In the long-term vision, we declared our aim to be a good company for all stakeholders. Realistically, being the best company for all stakeholders simultaneously and at all times is difficult. Moreover, because enhancing medium- to long-term corporate value is linked to being a good company for all stakeholders, we cannot limit our thinking to only the present. Basically, we must secure ongoing growth over the long-term in order to earn a solid reputation rooted in that probability and expectations for the future. Going forward, the Tokyo Tatemono Group will continue moving full-steam ahead to become a next-generation developer. Moving forward, the Group asks for your continued understanding and support.

Evolution of Medium-Term Business Plans



2012-2014 Medium-Term Business Plan

	Quantitative Targets	Results
Operating profit	35.0 billion yen	30.5 billion yen
Debt-equity ratio	3 times	2.6 times

Targets Achieved

In accordance with our desired future direction for the Group, this medium-term business plan was positioned as a stage for reinforcing the business foundation. The plan called for the Company's transformation centered on the strategically focused structural realignment and optimization of the value chain. Our aim was to thoroughly strengthen earnings power and the Group's financial position.

We implemented various measures, including selling some business units and reorganizing the special purpose company structure for large-scale projects. In addition, by keeping interest-bearing debt down and expanding the equity base, we reinforced our financial position beyond the plan's initial targets.

Issues Remaining

Although we built a sound financial base, we failed to achieve target profit levels, and the plan concluded with profitability as an ongoing issue.

We recognized the need to boost profitability by building a business portfolio with high growth potential, which would enable us to achieve sustainable growth over the longer term. We incorporated this recognition into the next medium-term plan.

2015-2019 Medium-Term Business Plan

	Quantitative Targets	Results
Consolidated operating profit	50.0 billion yen	52.4 billion yen

	Targets for Financial Indicators	Results
Debt-equity ratio	3 times	2.5 times
Interest-bearing debt/EBITDA multiple	13 times	12.6 times

Targets Achieved

The objective of this medium-term business plan was to strengthen earnings power and build a business portfolio with high growth potential. To achieve this, the plan called for us to provide a range of high-quality services to enhance customer satisfaction, strategically focus on fields and business domains where we could take full advantage of the Group's unique expertise and competitive strengths, strengthen the value chain, and deliver value through organic collaboration between a variety of business units.

We achieved profit growth in excess of the initial target and practiced a more disciplined financial management approach. At the same time, in addition to pursuing consistent growth in each business, we took various initiatives for future growth, such as investing in hotels and logistics properties and other new asset types and expanding the stock of quality real estate.

Issues Remaining

We were successful in strengthening earnings power and maintaining a sound financial position. However, the need for actions that would ensure sustainable growth became more apparent as we faced shifts in the business environment, including mounting competition between international cities, increasingly diverse lifestyles, and rapid advances in digital technology, coupled with the pressing issue of sound ESG management.

2020-2024 Medium-Term Business Plan

Profit Target	Consolidated business profit*: 75 billion yen
Capital Efficiency	ROE: 8-10%
Financial Indicators	Debt-equity ratio: 2.4 times Interest-bearing debt / EBITDA multiple: Approx. 12 times
Reference Figures	Consolidated operating profit: 70 billion yen Profit attributable to owners of parent: 45 billion yen EPS: 215 yen

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

Positioning

In February 2020, to accomplish the Group's long-term vision looking ahead to 2030, we formulated a medium-term business plan covering the five years from fiscal 2020 to 2024. We are undertaking five key strategies and the evolution of ESG management with the aim of achieving our stated targets.

Our key strategies	1 Promotion of large-scale redevelopment 2 Further strengthening of for-sale condominium business 3 Expansion of property sales to investors 4 Strengthening of brokerage, fund, and parking businesses 5 Growth in overseas business
	Evolution of ESG Management

Target for 2030 and Long-Term Vision

Becoming a Next-Generation Developer

- Consolidated business profit of 120 billion yen
- Contribution to achieving the SDGs

Long-Term Vision and Materiality p. 36

Progress on the Medium-Term Business Plan (2020–2024)

Here we explain our progress thus far in implementing the five key strategies of the current Medium-Term Business Plan, which began in 2020.

Key Strategy 1 Promotion of large-scale redevelopment

Regarding large-scale redevelopment projects currently under way, although some have seen their schedules delayed compared with the forecasts made when the current business plan was initially formulated, steady progress has been made as shown in the table below.

We adeptly responded to accelerated changes in workstyles and lifestyles due to the COVID-19 pandemic and tried out various approaches to product planning to realize facilities that will be customers' first choice into the future. We also aim to enhance the value of the overall area in part through initiatives that create new added value.

Special Feature p.18; Commercial Properties Business p. 24

Yaesu Project	District A: Jan. 2023, Approval of rights conversion plan District B: Oct. 2021, Start of new construction Made steady progress toward the completion of construction in fiscal 2025
Gofukubashi Project	Nov. 2021, Establishment of urban redevelopment consortium Began demolition in preparation for the completion of a tower wing in fiscal 2029
Kyobashi 3-Chome Project	Jan. 2023, Determination of urban development plan
Shibuya 2-Chome Project	Jan. 2023, Approval of establishment of urban redevelopment consortium

Although we need to focus on business environment issues, such as rising construction costs and concerns over demand for office space, we will continue to appropriately control our business to steadily expand leasing profit.

Key Strategy 2 Further strengthening of for-sale condominium business

Sales of condominiums have remained strong against the backdrop of several trends: a continuing low interest rate environment, an increase in dual-earner households, and a shift toward more affluent lifestyles. Since the COVID-19 pandemic, inventories of completed properties have remained low amid steady property sales in suburban areas and favorable locations in highly convenient urban centers.

Over the course of the current Medium-Term Business Plan, we have been able to sell properties at higher than anticipated prices. The gross profit margin on condominium sales in fiscal 2022 reached a very high 33.3%.

Although the land acquisition environment remains highly competitive, we have steadily built up our land bank by proactively working on reconstruction, redevelopment and other projects that leverage the Company's know-how. Because we have also made progress on sales, we expect the gross profit margin to remain high into 2023 and 2024.

While paying attention to rising construction costs and the risk of decline in customers' intent to purchase residences amid rising loan interest rates, we will continue ensuring appropriate profitability going forward by carefully selecting investments.

Residential Business p. 28



Brillia City Nishi Waseda
(recorded in 2022)

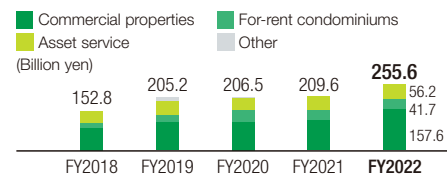
Key Strategy 3 Expansion of property sales to investors

Regarding property sales to investors, which are a driver of profit growth, buyers' appetite for spending has stayed firm in the real estate sales market, and cap rate levels in real estate trade have remained at a low level. Amid these market conditions, we have selected appropriate assets and sold properties at prices above initial projections while maintaining a balance between income from leasing buildings and income due to progress in sales of condominiums. In addition, we are carefully selecting investments, especially logistics properties, and steadily increasing our real estate stock.

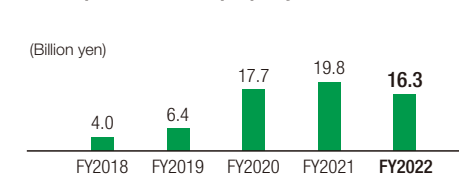
We will continue working hard to ensure profitability with a focus on cost management while taking into account the risk of rising construction costs.

Commercial Properties Business p. 24; Residential Business p. 28; Asset Service Business p. 32

Balance of real estate for sale



Gross profit trends in property sales to investors



Key Strategy 4 Strengthening of brokerage, fund, and parking businesses

In the Brokerage Business, business performance has remained steady against the backdrop of a robust real estate trade market. The Company focused on strengthening relationships with customers and securing repeat business from the Company's existing development properties.

In the Fund Business, we are steadily expanding the size of assets managed by private REITs and funds as well as Japan Prime Realty Investment Corporation, for which a Group company conducts asset management.

The Parking Business was significantly impacted by the COVID-19 pandemic, but capacity utilization recovered as occupancy returned to normal from the second half of 2022. As a result of pursuing steady business expansion while working to strengthen profitability and our competitive advantage, the number of parking spaces rose to around 80,000 as of December 2022.

Asset Service Business p. 32; Fund Business p. 34

Key Strategy 5 Growth in overseas business

In the Overseas Business, we revised business plans for various projects following a temporary suspension of projects in Indonesia due to such circumstances as the effects of the COVID-19 pandemic and a suspension of all projects in Myanmar due to the declaration of a state of emergency. Mainly as a result of these revisions, we recorded a share of loss of entities accounted for using the equity method in fiscal 2021. Investment in new projects shrank more than expected as a result of the prolonged period during which overseas travel was very difficult.

We held discussions regarding policies on initiatives considering the above factors and decided to continue undertaking the overseas business to diversify the Company's earnings base predicated on improving risk management processes and thoroughly strengthening monitoring. We will continue searching for business opportunities, especially in China, Singapore, and Thailand, where we have a solid track record, but also in other countries.

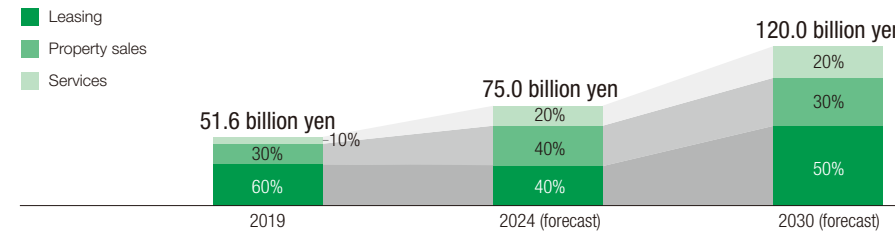
Overseas Business p. 34

Progress on the Medium-Term Business Plan (2020–2024)

Tokyo Tatemono manages its business portfolio in three main categories in line with their earnings characteristics: leasing, which provides highly stable profits; property sales, which possesses high capital efficiency; and services, which do not involve large investments. When we initially formulated the current Medium-Term Business Plan, we were aiming for consolidated business profit of 75 billion yen in fiscal 2024, assuming an increase in leasing revenue from offices in operation and steady growth profit from services, mainly the Parking Business, with the main growth driver being profit from property sales, especially sales of condominiums and property sales to investors.

However, in the leasing sector, the building leasing business has underperformed compared with forecasts due to a dip in demand caused by vast changes in the external environment. In addition, growth has slowed more than expected in some businesses, such as the overseas business. On the other hand, in the property sales sector, we have seen higher than expected profits from sales of condominiums and sales of property to investors against a backdrop of a strong market. And, while profit composition in fiscal 2024 may differ somewhat from initial forecasts, by leveraging the characteristics of risks and opportunities in each business to supplement results, we aim to achieve our targets.

Image of Change in Composition of Business Profit (as of the formulation of the current Medium-Term Business Plan)



Note: The percentages shown in the graph represent the approximate composition ratio



Property sales will expand until 2024, and leasing will expand from 2025. Services will continue to steadily grow, enabling us to achieve a well-balanced profit composition with an awareness of capital efficiency.

Well-balanced profit structure focused on leasing profit and mindful of capital efficiency

Change in Business Profit and Profit

(Billion yen)

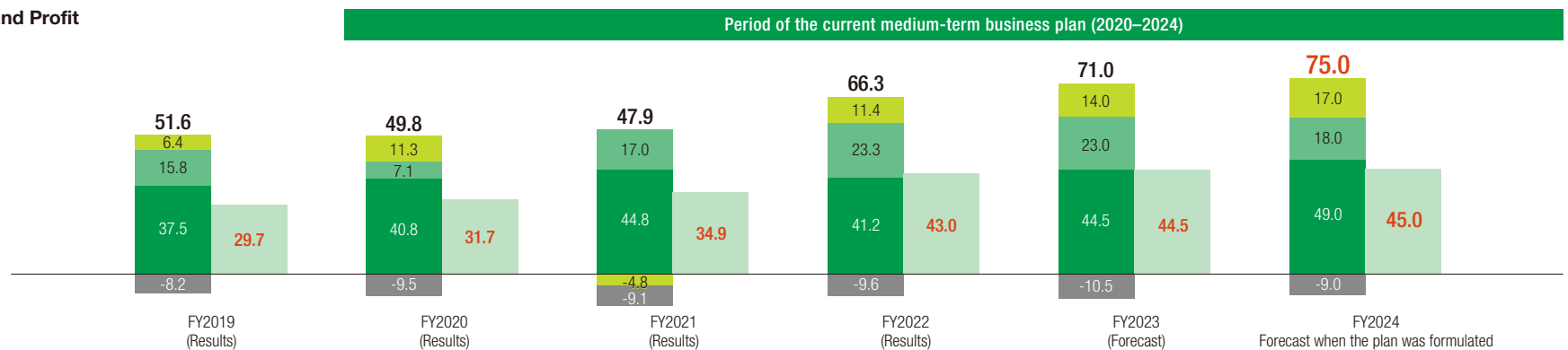
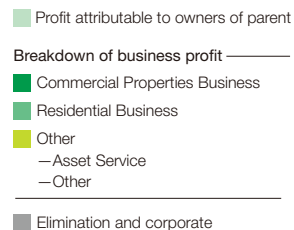


	Image of Profit Growth Image When Formulating the Medium-Term Business Plan (As of February 2020)	Evolution after the Medium-Term Business Plan Began
Commercial Property Business • Leasing of buildings	<ul style="list-style-type: none"> Although buildings in operation will decline as we promote redevelopment projects, we assume leasing profit will hold steady because we expect internal growth due to the upward revision of leasing fees. 	<ul style="list-style-type: none"> Demand for office buildings will dip due in part to the widespread adoption of new workstyles, and the pace of upward revision in leasing fees will slow. External growth will also perform below expectations.
Residential Business • Condominiums for sale	<ul style="list-style-type: none"> We expect to record stable profits as we continuously seize development opportunities. 	<ul style="list-style-type: none"> Gross margin will perform better than expected as sales prices rise above initial forecasts. We will also sufficiently secure our land bank.
Other	<ul style="list-style-type: none"> We expect growth in the brokerage, fund, parking, and overseas businesses. 	<ul style="list-style-type: none"> Due in part to effects of the pandemic, growth decelerated more than expected, mainly in the overseas and parking businesses.
Property sales to investors	<ul style="list-style-type: none"> We expect profit growth due to expeditious property sales and ongoing pursuit of development opportunities. 	<ul style="list-style-type: none"> Although progress on investments has been delayed due to intensifying competition for property acquisitions, we will continue to record sales profits higher than forecast against the backdrop of a strong real estate trade market.

Message from the CFO

We will continue to meet the expectations of shareholders and investors while focusing on growth investments from a long-term perspective

Akira Izumi

Representative Director
Senior Managing Executive
Officer & Chief Financial Officer



Q1

Please share your assessment of FY2022 business performance and the progress made in the three years of the medium-term business plan.

In fiscal 2022, overall business results were very good with building leasing remaining strong and sales of condominiums and properties to investors holding firm.

With regard to the current medium-term plan, which was announced in February 2020, our initial assumptions of the external environment ended up being completely off, with the world impacted first by the global COVID-19 pandemic and then the conflict in Ukraine. Nevertheless, we moved to steadily implement the plan's key strategies. We strove to expand business to meet changing customer needs, and, as a result, our overall business performance remained strong. However, business did not expand as much as anticipated, and we must put what we have learned into practice moving forward. The Overseas Business was initially expected to expand, but we have refrained from stepping up investment in part due to having recorded a loss in fiscal 2021 attributable to political upheaval in emerging countries and the protracted period during which overseas travel was very difficult. We have held many internal

discussions regarding our policies going forward and come to the conclusion that we should diversify our earnings base while keeping an eye out for a contraction in the domestic market. We will continue working hard overseas with the caveat that any project we undertake will be carefully selected, with those in emerging countries subject to due consideration of country and geopolitical risks. Aiming to expand revenues from the current medium-term plan forward, we strive to gain a foothold for expanding business in not only countries we have already entered but new ones as well.

On the other hand, property sales to investors and sales of condominiums have become stronger as growth drivers and outperformed our forecasts, while building leasing has held firm due to our competitive portfolio. Overall, businesses that have done well have compensated for businesses that underperformed, and I can laud the fact that this demonstrates our resilience in the face of environmental changes.

Going forward, although we will need to closely monitor such matters as trends in construction costs and interest rates, sales of properties to investors and sales of condominiums are expected to remain strong, buoyed by solid building rents. This, along with an anticipated recovery in the Parking Business, makes it highly likely we will be able to achieve the current medium-term plan's fiscal 2024 profit targets.

Q2

What is your approach to financial soundness and financing?

We have steadily remained within our range of expectations vis-à-vis our financial standing and are on course to achieve the fiscal 2024 figures set out in our financial policy under the current medium-term plan. Thanks to our strong financial performance up to fiscal 2022, we have accumulated owners' equity and, as of December 31, 2022, achieved a debt-to-equity ratio of 2.2 times and a debt-to-EBITDA ratio of 11.1 times. In addition, we have maintained a long-term credit rating of A from external organizations and will continue to fully ensure financial soundness.

Right now, with interest rates rising globally and inflation rising domestically, there is growing concern in Japan regarding the economic impact. Although we think the possibility of a rapid hike in interest rates is low, we are taking thorough precautions against just such a risk. So, should a temporary rise in interest rates occur, because over 90% of our borrowings and bonds—which are central to financing—are long-term and fixed-rate, we know that the impact on our business performance and financial standing would be limited. Going forward, we expect to steadily accumulate owner's equity, and financing will not be a big issue because we have built and maintain strong relationships with financial institutions, spread out our financiers, and diversified our financing, including ESG financing.

In addition, regarding the impact of rising interest rates, we have been alerted to the fact that we need to revise the hurdle rates of investments given the rising cost of capital. We include a rather substantial buffer for financing in terms of our internal interest rates for each project, which are higher than the actual funding interest rates. It is difficult to imagine that a rise in interest rates within expected bounds would exceed our internal interest rates, so we believe we will be able to continue sufficiently ensure profitability with the current hurdle rate.

We will continue working hard to manage our finances in a way that ensures financial soundness and investment growth while accurately responding to risks and changes in financial and capital markets.

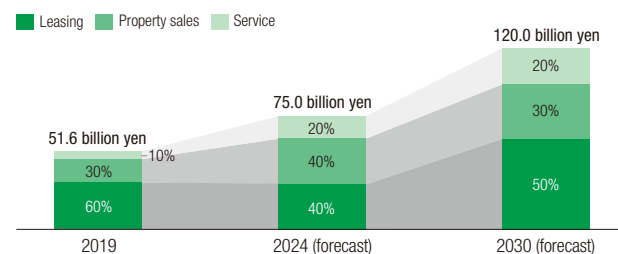
Message from the CFO

Q3

Can you tell us your current assessment of and the issues regarding the business portfolio strategies set out in the long-term vision?

In our long-term vision and medium-term management plan, we categorize our diverse businesses into three categories in accordance with their earnings characteristics: leasing, which has highly stable revenues; property sales, which have high profitability and capital efficiency; and services, which directly contribute to improved capital efficiency through leaner funding. Over the medium to long term, we aim to maintain a balanced profit composition with an awareness of capital efficiency.

Expanding the leasing sector will center on multiple large-scale mixed-use redevelopments, including the Yaesu Project, which we

Change in Composition of Business Profit**Investment Plans and Results in the Medium-Term Management Plan (2020–2024)**

Unit: Billion yen	Five-year plan	2020 results	2021 results	2022 results
Gross investment	1,400.0	189.1	128.9	191.0
Investment in large-scale redevelopment	230.0	13.8	0	11.3
Investment in for-sale condominium projects	430.0	64.4	46.1	75.8
Investment in property sales to investors	550.0	63.6	57.9	91.1
Investment in the Overseas Business	70.0	1.6	3.4	0.7
Other*	120.0	45.7	21.5	12.1
Recovered	900.0	120.6	121.3	112.7
Net investment	500.0	68.5	7.6	78.3

* Includes capital and other expenditures and provisions for the acquisition of seed land buildings and income-producing real estate for large-scale redevelopment.

expect to complete around 2030. All of these properties are expected to have very high value in ideal downtown locations and will significantly help expand our highly stable leasing profit margins. We can expect a further increase in value due in part to area management. However, the business period of these properties is long, and the profit margin is low due to their being in prime locations, which will negatively affect ROA. Therefore, to maintain balance and increase capital efficiency for the business overall, it will be important for us to adhere to our forecasts and expand property sales to investors and sales of condominiums, which have shorter business periods and help increase ROA. Buoyed by our excellent assets, which stably generate leasing income over the long term, we will expand short-term turnover projects, which have high capital efficiency despite being volatile, and continue growing through these two means. Although this serves as the base for our business portfolio strategies, we have made steady progress on large-scale redevelopments and maintained strong property sales to investors and sales of condominiums. In my judgement, we are currently making progress in line with our forecasts.

An ongoing issue is that the land acquisition environment remains harsh. Because we are careful in our selection of investments and avoid over-priced acquisitions, we have an increasing number of projects that need significant time to commercialize despite securing the expected number of short-term turnover investments. Although we will maintain our highly selective investment policy while proactively taking on new business opportunities, going forward we will continue taking various measures to shorten business periods.

In addition, we outline “management with an awareness of capital efficiency” in the current medium-term plan, signaling our aim to optimize our business portfolio and asset composition. To this end, we sold the Elderly Facility Operation Business in fiscal 2020 and the Child Care Business in fiscal 2023. We continually revise our portfolio of non-current assets, and, regarding the realization of profit by selling non-current assets, we will continue studying the issue while focusing on profit plans for the current medium-term plan and thereafter. Regarding initiatives to optimize our business portfolio and asset composition, we will continue promoting such initiatives and conducting



thorough studies, including on reducing cross-shareholdings.

Q4

What are the strengths of and strategies for human capital?

We recognize that human capital is the source of strength that enables the realization of the Group's value creation and sustainable growth as well as one of its most important management foundations.

The business of a developer is structured around the concept of maximizing the value of each property and requires the creation of value in harmony and collaboration with various related parties. Success largely depends on the capabilities of employees working as individuals and in teams. Luckily, the Company contains many individuals who sincerely engage with stakeholders and are able to build solid relationships founded in trust, tackle challenges and create value. These personnel are our greatest strength in establishing our competitive advantage.

Speaking strategically, because we will continue expanding our business scope and creating value as targeted in our long-term vision and medium-term plan, we will expand our hiring of new graduates and mid-career personnel, promote the advancement of women, and expand diversity in part by securing specialized personnel, including DX personnel. In addition, because we strive to maximize personnel value, we are expanding training programs, upgrading

Message from the CFO

environments to enable flexible workstyles and enhance productivity, and promoting health management. Furthermore, to prompt individual and organizational engagement, we are focusing on stimulating communication between management and employees and strengthening engagement.

As mentioned previously, the strength of the Company's personnel is mainly attributable to its efforts to nurture them in accordance with the foundation laid by the Company's unique corporate culture, such as the shared values we have cultivated throughout our long history, the connections between and sense of unity shared by management and employees, and a good amount of transparency. From this perspective, as we strategically accelerate the increase in the number of employees and the expansion in diversity, we will continue promoting human capital management with an awareness of leveraging diversity while preserving the best aspects of our corporate culture.

Q5

Please tell me about your shareholder returns policy and your policy for ensuring that the Company's corporate value is appropriately evaluated by the market.

Regarding shareholder returns, looking back on past trends, compared with 10 yen* in fiscal 2013, dividends per share have increased



more than six times to 65 yen in fiscal 2022, reflecting a record of nine years of maintaining progressive dividends. In addition, under a policy of maintaining the dividend payout ratio at 30% or higher during the period of the current medium-term management plan, the ratio was 31.5% in fiscal 2022. Since the start of the current medium-term plan, we have raised it every fiscal year. We restarted in-person IR efforts overseas last year, and, through my personal conversations with many investors, I came to a keen realization of their desire for stronger returns. Accordingly, we have further raised the dividend forecast for this year to 33.8%. Taking a long-term perspective as we move forward, while prioritizing growth investments that help enhance corporate value, we will strive to raise our dividend level with an awareness of the need to maintain progressive dividends.

We recently received a request from the Tokyo Stock Exchange regarding management and taking action in a manner that is aware of the cost of capital and the share price. In the current medium-term plan, we set a target for management aware of capital efficiency with the aim of achieving an ROE of between 8% and 10% by fiscal 2024. We unveiled a policy to achieve this target by raising ROA and appropriately controlling the debt-to-equity ratio. Through the steady implementation of this policy, we achieved an ROE of 10% in fiscal 2022, well above the cost of shareholders' equity. On the other hand, we are concerned about our persistently inexpensive share price, similar to that of all other developers. We realize that to increase PBR, we will need to increase ROE and foster stronger trust in and anticipation for the Company's outlook, including for shareholder returns.

Going forward, we will work to increase trust from the market by demonstrating our resilience in the face of environmental changes and steadily generating profit. We will also foster anticipation by demonstrating the likelihood of achieving sustainable profit growth and enhancing shareholder returns through our track record and strategies. Through these efforts, we will continue striving to enhance shareholders' value.

Under the next medium-term management plan, we will reconsider the balance between investment and returns and announce new

shareholder return policies as we intend to continue working hard to further stimulate the expectations of shareholders and investors.

*We implemented a one-for-two common share reverse stock split on July 1, 2015. The dividends in 2013 were calculated using the standard after the reverse stock split.

Q6

Finally, what is your message to stakeholders?

As a developer, the Company continually generates new economic and social value through urban development while controlling various risks. The value that we have created over many years is a tremendous accomplishment, encompassing ripple effects and stock effects, and has greatly contributed to local communities and society at large. Through our operations, we strategically promote sales of non-current assets and the expansion of business involving short-term turnover projects while continually expanding stable prime assets. We will appropriately control our balance sheet and optimize our business portfolio when needed and will pursue capital efficiency and growth while ensuring financial soundness. Until 2030, we expect to expand our stable leasing earnings base by regularly completing large-scale projects already in our abundant pipeline. Underpinned by this base, we also expect to be able to further expand our short-term turnover projects backed by a foundation of organizational capabilities and human capital, which we will continually bolster.

Regarding the outlook for Tokyo Tatemono as it makes steady progress toward achieving its current medium-term management plan and long-term vision, we hope shareholders and investors broadly acknowledge its investment value, including from the SDG and ESG perspectives. As we make major strides toward increasing our corporate value going forward, we will continue working hard to increase the expectations of shareholders and investors regarding the Company's outlook by regularly holding more detailed briefings and dialogues regarding key strategies, progress made in strengthening governance, future strategies, and other topics.