Themes of Our Efforts to Create Value (Materialities)

To realize our ideal vision, we focus efforts on six themes (materialities) through our business activities. These themes were chosen based on the prioritization and analysis of important social issues, and by implementing strategies in line with each theme, we will contribute to the creation of a sustainable society.

Materiality Identification Process

Step 1 Determination, integration, and consolidation of social issues

- **Integration and consolidation of 561 social issues into 37 items**
  We created a longlist of 561 social issues and then integrated and consolidated similar and overlapping items into 37 issues
- **Social issue longlist inputs**
  Issues recognized in international frameworks (such as the SDGs, ISO 26000, GRI Standards, and SASB), SRI ratings indexes (such as FTSE and DJSI), analyst reports, and by the Japanese government and business organizations, as well as stakeholder feedback, and issues identified in trends regarding other companies and at Group companies

Step 2 Recognition and assessment of stakeholder expectations

- We held interviews with stakeholders to gauge their expectations regarding the 37 social issues
- We organized the interview feedback and the results of Step 1 to **evaluate each issue in terms of significance for stakeholders**

Step 3 Extraction of high-priority management issues

- For each of the 37 social issues, **we confirmed its importance for each Group company, as well as potential risks and opportunities**
- We also **evaluated its significance for business management** in accordance with our long-term management policy and extracted the issues that are of the highest priority to the overall Group

Step 4 Identifying materialities, opportunities, and risks

- **The Sustainability Committee and Group Executive Committee assessed the identified management issues** along two axes: significance for stakeholders and significance for business management
- **The Board of Directors** designated six key issues that need to be addressed as a priority as the themes of our efforts to create value (materialities)
- We then established the correspondence between each materiality and opportunities and risks, our ideal vision for 2030, KPIs, and SDGs targets

Main social issues
(excerpts from the 37 items)

- Diversification of lifestyles and normalization of IT use
- Greater demand for customer/consumer orientation and disclosure of information on products and services
- Growing need for the realization of a sustainable society (addressing issues such as disasters, resource shortages, and population decline)
- Increases in Japan's existing housing and building stock and in the number of dilapidated and abandoned houses
- Reform and revitalization of regional communities
- Growing seriousness of climate change
- Shift to sustainable energy
- Growing need to create innovation and transform business models through DX
- Advancement of social diversity and the active participation of women in the workforce
- Labor shortages and the growing need for personnel development
- Diversification of work styles and an increasing need to improve working conditions and environments
- Growing importance to factor ESG into corporate management

The Six Materialities

Materialities and ideal vision for 2030	SDGs targets
Lifestyle **Create a variety of lifestyles** We will help people to enjoy lives that are both physically and mentally vibrant by promoting Lifestyle Creation 3.0, a combination of home styles, work styles, and play styles.	5, 8, 10, 12
Livable City **Create communities and lifestyles that encourage well-being** We will realize a society where everyone can feel happy by building secure, safe and comfortable life infrastructure and creating communities where people help each other.	3, 11
Environment **Create a sustainable environment** As an environmentally advanced company, we will create a carbon-free and circular society by addressing global issues such as climate change.	7, 13, 15
DX **Create value in the digital era** We will transform our business models by utilizing digital technologies to create new experience value for customers.	9, 17
Human capital **Create an organizational climate under which diverse human capital is enlivened** We will continue to create innovation through an organizational climate that respects human rights and under which diverse human capital can exercise their abilities.	5, 8, 10
Governance **Create governance to accelerate growth** As a group trusted by all stakeholders, we will aim to enhance our corporate value sustainably by increasing management transparency and fairness.	16

Value Provided Through the Six Materialities

We are creating premium value that addresses social themes by solving issues based on our six materialities. To achieve our ideal vision for 2030, we have identified the business opportunities and risks for each of the materialities, established relevant strategies and measures, and set KPIs accordingly. We will leverage the Group's strengths and our financial and non-financial capital to steadily achieve new KPIs set based on Medium-Term Management Plan 2030 with the aim of realizing a future where everyone can be themselves and shine vigorously.

Materialities	Main opportunities	Main risks	Strategies and measures	Main non-financial KPIs ▶P.25 (Other KPIs) ▶P.64 (Human capital KPIs)	FY2030 targets	SDGs targets
Lifestyle	■Diversification of work-styles, lifestyle and play styles ■Fusion of all manner of lifestyle scenes	■Mismatch to consumer needs ■Declining efficiency accompanying response to segmentalized needs	■Verify feasibility of workations using hotels ■Establish a portal site for condominium residents and management associations	Customer satisfaction level*1	90% or more	10.3
				Products and services that contribute to Lifestyles Creation 3.0*2	150 cases or more (cumulative for FY2021 to FY2030)	5.1 8.8 12.7
Livable City	■Increasing importance of community creation ■Growing need for disaster preparedness and disaster damage reduction ■Increasing awareness regarding mental and physical health issues	■Declining attractiveness of some cities due to intensifying competition between cities ■Declining attractiveness of cities due to community decline ■Decreasing asset values due to insufficient maintenance and management	■Build communities through area management ■Foster resilience to ensure the sustainability of urban functions ■Advance measures to swiftly rebuild lifestyles in the event of a disaster	Measures to revitalize communities	150 cases or more (cumulative for FY2021 to FY2030)	11.3
				Strengthening building safety and security*3	100%	3.9 11.3 11.5
Environment	■Growing need to respond to a decarbonized and circular society ■Increasing funding from ESG investors	■Escalation of climate change and natural disasters ■Increasing costs due to environmental restrictions, etc.	■Achieve RE100 target*4*5 ■Enhance environmental performance of buildings (ZEB/ZEH) ■Introduce internal carbon pricing ■Cultivate a circular society through management, operations, and renovations that extend the service life of buildings	CO_2 emissions (compared with FY2019)	Scope 1 and 2: Reduction of 80% or more Scope 3: Reduction of 46.2% or more*6	13.1
				Environmental efforts through business	150 cases or more (cumulative for FY2021 to FY2030)	11.6 11.7
DX	■Increasing importance of utilizing customer contact points ■Improving scalability of services provided	■Declining position of real experiences due to enhancement of virtual experiences ■Appearance of disruptors to existing businesses	■Incorporate digital transformation (DX) at condominium sales locations ■Practice data-driven area management ■Develop AI for appraising condominium value and for real estate advisors ■Make operations more efficient by using AI to train staff and automate the creation of shift schedules	DX and new business investment amount	¥100.0 billion or more (cumulative for FY2025 to FY2030)	9.1
				Number of employees trained for DX promotion	10,000 or more	9.5
Human capital	■Increasing opportunities to secure diverse human capital ■Emergence of innovation due to diversification	■Intensifying competition and increasing costs in the human capital market ■Declining reputation due to the occurrence of human rights issues	■Accelerate the promotion of female employees and strengthen mid-career recruitment ■Change rules concerning male employees taking childcare leave and encourage uptake ■Respect human rights and practice due diligence concerning suppliers ■Provide a DE&I e-learning course, raise awareness of this issue, and monitor the situation	Amount of investment in recruitment, training, and improving organizational climates (compared with the previous medium-term management plan period)	1.5 times per year or more	8.2 8.5 8.8
				Ratio of female managers (ensuring the diversity of core human capital)	20% or more	5.5
Governance	■Strengthening relationships with stakeholders by improving transparency ■Increasing funding from ESG investors	■Increasing cost of fund procurement ■Declining confidence due to legal violations	■Provide an e-learning course on compliance for Group employees ■Carry out evaluations of the effectiveness of the Board of Directors that incorporate a third-party perspective	Engagement with shareholders and investors	400 cases or more	12.6
				Improvement of effectiveness of the Board of Directors (third-party evaluation)	Implement annually	16.6

Financial KPIs FY2030 targets

Growth potential and efficiency

ROE
10% or more

ROA
5% or more

EPS
Around ¥170

EPS average growth rate
8%/year

Profit targets

Operating profit
¥220 billion or more

Net profit*7
¥120 billion or more

Financial soundness

D/E ratio
1.8 times or less

EBITDA multiple
8.0 times or lower

Our ideal vision

Realize a future where everyone can be themselves and shine vigorously

The value creation we aim to achieve

Create premium value that addresses social themes

Experience value

Closely aligned with the individual, we will realize vibrant lifestyles through gratifying experiences.

Local value

Collaborating with our partners and government agencies, we will elevate local appeal to community enrichment.

Environmental value

We will carry out environmental management into the future by establishing both businesses and solutions to environmental issues.

*1 Tokyu Cosmos Members Club questionnaire survey *2 Lifestyle Creation 3.0: The creation of ideal lifestyles for customers through the combination of lifestyle, work styles, and play styles
*3 Support for people who have difficulty returning home in the event of a disaster in a large, non-residential building, etc. *4 An international collaborative initiative with the goal of companies procuring 100% of the electric power consumed by their business activities from renewable energy sources *5 Tokyu Land Corporation *6 Certified Science Based Target (SBT). SBTs are medium- to long-term targets for the reduction of greenhouse gases that have been formulated based on scientific research. *7 Profit attributable to owners of parent

Financial and Non-Financial KPI Targets and Results

Figures for fiscal 2025 include data that has yet to undergo third-party verification and is therefore subject to change.

	Category	Materiality	KPI	FY2025 results	FY2030 targets (new medium-term management plan)
Financial targets	Finance		ROE	11.2%	10% or more
			ROA	5.0%	5% or more
			EPS	¥135.45	Around ¥170
			EPS annual average growth rate	24.6%	8%/year
			Operating profit	¥166.9 billion	¥220 billion or more
			Net profit*1	¥96.7 billion	¥120 billion or more
			D/E ratio	2.0 times	1.8 times or less
			EBITDA multiple	7.6 times	8.0 times or less
Non-financial targets	S Society	Create a variety of lifestyles	Customer satisfaction level*2	90.7%	90% or more
			Products and services that contribute to Lifestyle Creation 3.0*3 (cumulative)	105 cases	150 cases or more
	S Society	Create communities and lifestyles that encourage well-being	Measures to revitalize communities (cumulative)	115 cases	150 cases or more
			Strengthening building safety and security*4	100%	100%
	E Environment	Create a sustainable environment	RE100*5	Achieved*6	Achieved
			Percentage of renewable energy power usage	90.3%	60% or more
			CO_2 emissions (compared with FY2019) – Scope 1 and 2	Reduction of 77.9%	Reduction of 80%
			CO_2 emissions (compared with FY2019) – Scope 3 (Categories 1, 2, and 11)	Reduction of 21.6%	Reduction of 46.2% (SBT certification)
			CO_2 emissions (compared with FY2019) – Qualitative targets	Achieved	Collaborative action with partners (construction companies, etc.), provide decarbonization value to customers, and encourage collection of primary data
			CO_2 emissions reduction contribution	Carbon negative 5.6 times	Carbon negative 10 times
			Water use volume and intensity	Reduction of 12.7%	Reduction of 7% compared with FY2023
			Waste volume and intensity	4.9%	Reduction of 7% compared with FY2023
			Environmental certification acquisition*7 (e.g., CASBEE, DBJ)	97.3%	100%
			Sustainable procurement (wood materials for molds)	50.0%	100%
			The Green Connection Project (cumulative area of forests protected)	2,425 ha	3,000 ha
			Environmental efforts through business (cumulative)	132 cases	150 cases or more
	S Society	Create value in the digital era	Initiatives contributing to revenue (annual)	87 cases	100 cases or more
			DX and new business investment amount	¥25.1 billion	Cumulative total of ¥100 billion or more (FY2025–FY2030)
			Number of employees trained for DX promotion	9,910	10,000 or more
			Acquisition of IT passports*5	93.1%	100%
	S Society	Create an organizational climate under which diverse human capital is enlivened	Amount of investment in recruitment, training, and improving organizational climates (compared with the previous medium-term management plan period)	1.52 times	1.5 times or more per year
			Ratio of female managers (ensuring the diversity of core human capital)	9.7%	20% or more
			Ratio of women among new-graduate hires	42.2%	50%
			Ratio of childcare leave taken by male employees	93.2%	100%
			Deepening understanding of DE&I (percentage of employees who took an e-learning course)*8	97.6%	100%
			Ratio of employees who undergo physical examinations	100%	100%
			Respect for human rights in the supply chain (implementation of due diligence related to forced labor and child labor)	92.9%	100%
	G Governance	Create governance to accelerate growth	Engagement with shareholders and investors	378 cases	400 or more
			Evaluation of effectiveness of the Board of Directors (third-party evaluation)	Implemented	Implement annually
			Adherence to the compliance code of conduct	98.5%	100%
			Percentage of employees who received compliance training	99.8%	100%

*1 Profit attributable to owners of parent *2 Tokyu Cosmos Members Club questionnaire survey *3 Lifestyle Creation 3.0: The creation of ideal lifestyles for customers through the combination of lifestyle, work styles, and play styles
*4 Support for people who have difficulty returning home in the event of a disaster in a large, non-residential building, etc. *5 Tokyu Land Corporation *6 Excludes electricity generated through cogeneration involving private power generation (0.2% of overall electricity consumption), as there are no gases on the Japanese market that are recognized as green gases under the RE100 technical criteria *7 Covers large-scale non-residential owned properties (total floor area of at least 10,000 m^2); excludes some properties, such as joint ventures *8 In fiscal 2022, "deepening understanding of LGBT" was changed to "deepening understanding of DE&I"