Corporate Governance System

Basic approach

In order to fulfill our responsibility to all of our stakeholders, including customers, employees, business partners, local communities, shareholders, and investors, as well as its responsibility to future society, the Group strives to ensure its sustainable growth and increase corporate value over the medium and long term by addressing social issues through its business activities.

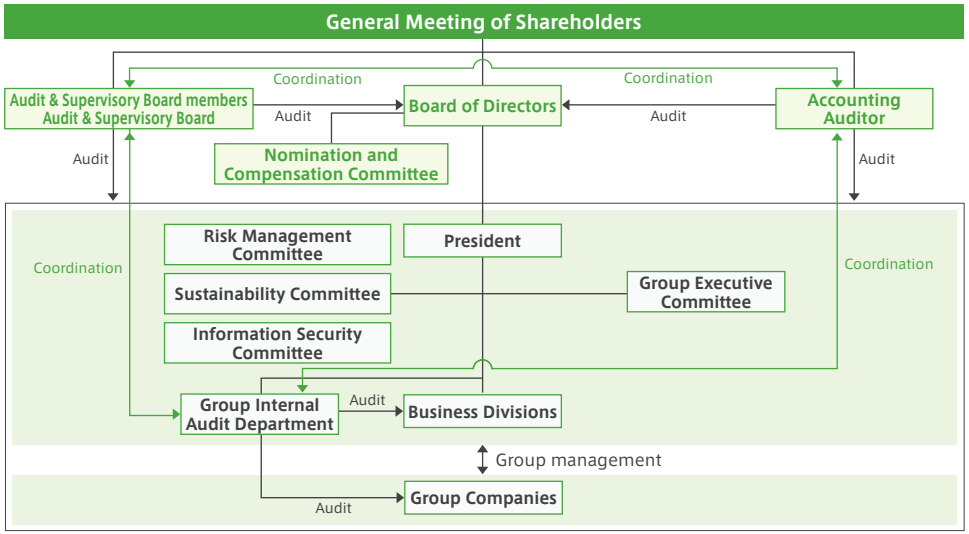
To that end, we will work to ensure the soundness and transparency of management and build a corporate governance system that contributes to expediting decision-making.

Corporate Governance Guidelines

The Company has stipulated its basic approach to and system for carrying out corporate governance in the Tokyu Fudosan Holdings Group Corporate Governance Guidelines. We refer to these guidelines for implementing initiatives concerning governance and engaging smoothly in constructive dialogue with shareholders and investors.

Since we developed these guidelines in 2018, we have continued to review them in response to revisions to laws and changing social expectations related to governance.

Corporate governance structure



Roles of key organizations

Board of Directors

The Board of Directors passes resolutions on the Company's management policy and important matters concerning business execution and supervises the performance of duties by directors in accordance with stipulations of laws, the Articles of Incorporation, and other criteria.

Audit & Supervisory Board

Audit & Supervisory Board members audit daily corporate activities, including the legality of directors' performance of their duties and the appropriateness of accounting processes, in accordance with stipulations of laws, the Articles of Incorporation, and other criteria.

Nomination and Compensation Committee

This is a voluntary committee that mainly deliberates on matters related to the nomination of director and operating officer candidates as well as compensation therefor.

In order to promote the appropriate execution of business from both financial and non-standpoints, we have established the following organizations headed by the president & CEO.

Group Executive Committee

The Group Executive Committee deliberates on important matters related to management and operations of the Group while overseeing deliberations, reports, and the implementation of major investment projects for each Group company, as well as business and other strategies, from a Group-wide perspective.

Risk Management Committee

The Risk Management Committee comprehensively manages and supports risk management by Group companies. Examples thereof include managing important Groupwide risk countermeasures; working to understand, evaluate, and monitor the status of risk management efforts at each Group company; and reporting the results of these activities to the Board of Directors. The committee meets twice a year.

Sustainability Committee

The Sustainability Committee evaluates the opportunities and risks associated with environmental issues such as climate change; human rights; diversity, equity, and inclusion (DE&I); social contributions; and other important issues. It also drafts plans, tracks achievements, and reports the results of deliberations to the Board of Directors. The committee meets twice a year.

Information Security Committee

The Information Security Committee engages in the continuous improvement of information security by implementing organizational, human, technical, and physical measures and inspections based on the Groupwide Information Security Policy and reports the results to the Board of Directors. The committee meets twice a year.

Corporate Governance System

Board of Directors

Position of the Board of Directors

Excluding the General Meeting of Shareholders, the Board of Directors functions as the supreme decision-making body. The Board meets once a month, in principle, with extraordinary meetings being held as necessary. Based on regulations including the Board of Directors Regulations and the Duty Authority Regulations, the Board of Directors makes decisions on important matters related to the Group's management—such as management policies, business plans, and large-scale investment plans—in addition to matters stipulated in laws, regulations, and the Articles of Incorporation.

Authority regarding the execution of business related to matters other than those to be discussed at meetings of the Board of Directors is delegated to the Group Executive Committee and other subordinate meeting bodies, as well as relevant officers and other responsible persons. The Board of Directors also supervises the performance of said duties.

Main topics discussed by the Board of Directors

Fiscal 2025

- Progress regarding Medium-Term Management Plan 2030
- Portfolio management progress
- Evaluations of the effectiveness of the Board of Directors
- Updates on reports concerning corporate governance
- Verification of the rationale of cross-shareholdings
- Audit reports from the Internal Audit Department
- Investor relations activity reports
- Key risk indicator (KRI) monitoring reports
- The economic and business environmental outlook
- Financial market trends and the financing environment surrounding the Group
- Activity reports from the Risk Management Committee, Sustainability Committee, and Information Security Committee
- Monitoring of the progress made on previous resolutions of the Board of Directors

Composition of the Board of Directors

The Company is striving to ensure that the membership of the Board of Directors is diverse and possesses the skills required to achieve long-term management policies and advance medium-term management plans. For this purpose, we have developed a skills matrix to ensure a good balance between the Board of Directors' overall knowledge, experience, and capabilities while ensuring its diversity. ▸ P.79

We select people who possess the knowledge and decision-making capabilities needed to be nominated as inside director candidates. With regard to outside director candidates, we select people who have extensive experience in fields such as management, legal affairs, finance, and accounting while being able to analyze matters from a reasonable, objective perspective. We choose candidates who can raise and discuss issues pertaining to growth strategies and the enhancement of governance from an independent standpoint. Candidates for outside director are selected based on the premise that they will not hold concurrent positions as a director, corporate auditor, or executive officer at more than five listed companies other than at the Company.

We believe that an appropriate ratio for independent outside directors on the Board of Directors is one-third or more, and the current ratio is 46%.

Evaluating the effectiveness of the Board of Directors

In order to enhance the effectiveness of governance, which underpins the sustainable growth of the Tokyu Fudosan Holdings Group and the improvement of corporate value over the medium to long term, the Company conducts an annual evaluation of the effectiveness of the Board of Directors.

1 Evaluation method and criteria

In fiscal 2025, the Company carried out a questionnaire among all directors (13 in total, of whom six were outside directors) and all Audit & Supervisory Board members (four in total, of whom two were outside members), for a total of 17 respondents.

The questionnaire was designed, aggregated, and analyzed by an external consultant. The Board of Directors conducted a self-evaluation of its effectiveness based on the results and, to ensure objectivity, obtained a third-party evaluation from an attorney-at-law with no advisory connections to the Company. Furthermore, as part of ongoing efforts to enhance our evaluation methods, we are conducting interview-based evaluations every three years, and in fiscal 2024 we introduced self-evaluations for outside directors based on "Guidelines for Outside Directors" published by the Ministry of Economy, Trade and Industry (METI).

There are four criteria for evaluating effectiveness: the composition and operation of the Board of Directors, management strategy and business strategy, corporate ethics and risk management, and performance monitoring and dialogue with shareholders and other stakeholders.

2 Overall evaluation (fiscal 2025)

Following the evaluation process, the Board of Directors has been deemed to being functioning effectively overall. Among the strengths of the Board that have been recognized are the effective functioning of its outside directors, its effective oversight of sustainability issues, and its risk management systems.

3 Response to previous fiscal year's issues and future initiatives

We have confirmed that enhancements to the Board of Directors' effectiveness have been realized in part through the advancement of the following initiatives in response to the issues identified in the fiscal 2024 evaluation: more active discussions with a more diverse composition of outside directors; enhanced reporting and timely sharing of risk information from the Risk Management Committee, Sustainability Committee, and Information Security Committee; and enhanced disclosure of information regarding the Company's environmental management initiatives and investor relations activities.

Conversely, issues to be addressed going forward have been identified, including the need for more in-depth and ongoing discussions on important management issues, periodic reviews of the mechanisms whereby Board meetings are conducted and how the Board of Directors operates, and the enhancement of monitoring capabilities regarding financial, non-financial, and human capital issues in light of changes in the external environment.

Moving forward, the Company will continue implementing initiatives that lead to improvements while addressing the issues that have been identified, thereby further enhancing the effectiveness of the Board of Directors.

Corporate Governance System

Composition of the Nomination and Compensation Committee

The Nomination and Compensation Committee was established as an advisory body to the Board of Directors to increase the fairness and transparency of procedures for matters including the nomination of candidates for director and operating officer as well as the compensation thereof. Internal rules stipulate that over half of the committee should be independent outside directors and that an independent outside director serves as chair.

The Board of Directors consults this committee concerning the matters above before passing resolutions thereon.

The committee met four times in fiscal 2025 and the attendance rate was 100%. The composition in fiscal 2026 is as follows.

- Chair
  Makoto Kaiami (Independent Outside Director)
- Member
  Tsuguhiko Hoshino (Independent Outside Director)
- Member
  Yumiko Jozuka (Independent Outside Director)
- Member
  Akiko Uno (Independent Outside Director)
- Member
  Hironori Nishikawa (Chairman)
- Member
  Hiroaki Hoshino (President & CEO)

Specific matters considered by the Nomination and Compensation Committee

Fiscal 2025

- Individual evaluations concerning performance-based remuneration (bonuses) for executive directors and operating officers in fiscal 2024
- Compensation for outside officers
- Selection of a representative director, directors with special titles, and a lead independent outside director
- Selection of a chair and members of the Nomination and Compensation Committee
- Transfer of the representative director of a subsidiary (replacement of president)
- The fiscal 2026 director, operating officer, and Audit & Supervisory Board member composition

Appointment of lead independent outside director

In accordance with Japan's Corporate Governance Code, the Company has appointed a lead independent outside director with a view to establishing a framework for communicating and coordinating with members of management and for cooperating with the Audit & Supervisory Board and its members.

- Lead Independent Outside Director
  Makoto Kaiami

Policies and procedures for the appointment or dismissal of members of senior management and the nomination of director candidates

Appointment policies

- The candidate has the requisite character and knowledge to be a director.
- There are no health issues that might impede the execution of duties.

Directors appointed from within the Company

- The candidate has the requisite knowledge and decision-making capabilities to practice management that will lead to the achievement of medium- to long-term management plans.

Succession plan
Each candidate's achievement of management indicators via the performance of their duties as a person responsible for two or more businesses is evaluated to determine whether they have the requisite knowledge, decision-making, and management capabilities. At the same time, their aptitude is evaluated objectively by a third party.

Outside directors

- The candidate can make decisions from a reasonable, objective perspective and possesses extensive experience in fields such as management, legal affairs, finance, and accounting.
- The candidate can raise and discuss issues concerning growth strategies and the enhancement of governance from an independent standpoint.
- The candidate cannot hold concurrent positions as a director, corporate auditor, or executive officer at more than five listed companies other than at the Company.

Skills matrix

The Company has created a skills matrix to ensure a good balance between the Board of Directors' overall knowledge, experience, and capabilities while ensuring its diversity.

The seven areas of expertise required of members of the Board of Directors (seven required areas of expertise) ▸ P.78

- Corporate management
- Environment / sustainability
- Accounting / finance
- Legal affairs / compliance/risk management
- Global
- Human capital strategy
- Digital transformation

Appointment procedure

1. Selection of candidates based on appointment policies
   Appropriate personnel are selected as candidates for senior management or director positions in accordance with the Company's appointment policies.
2. Deliberation by the Nomination and Compensation Committee
   The committee discusses the selection results and reports their advice to the Board of Directors.
3. Decision by the Board of Directors
   The Board of Directors discusses the candidates, taking the advice of the Nomination and Compensation Committee into account, and makes a final decision.

Dismissal policy

In the event a member of senior management is found to have committed an illegal or improper act, such as a violation of internal regulations, or is recognized as lacking the appropriate aptitude for their position, the Board of Directors will discuss and decide on the necessary response based on advice from the Nomination and Compensation Committee.

Corporate Governance System

Director compensation

The Company has set the upper limit for annual compensation paid to directors at no more than ¥600 million (not including employee salaries paid to directors serving concurrently as employees). We have also introduced a stock-based compensation system, which, in principle, grants directors shares of the Company at the time of their retirement. Said shares are separate from monetary compensation. Moreover, the Company has established a trust for granting stocks and, based thereon, executive directors and operating officers with whom the Company has concluded mandate contracts (operating officers designated by the Board of Directors) may receive a maximum of 130,000 points per fiscal year (with one point equating to one share). The Company may revoke all or a portion of the points granted to those who are deemed to have damaged the Company or have otherwise disadvantaged it.

Policies related to the determination of compensation for individual directors and other such matters are decided by the Board of Directors after consulting the Nomination and Compensation Committee.

Overview of policies related to the determination of compensation for individual directors and other such matters

Basic policy

- The level of compensation should enable the Company to acquire and maintain talented human resources and motivate them to perform their duties.
- The system and structure should encourage them to contribute to increasing corporate value and shareholder value over the medium and long term.

Composition of compensation

Based on the basic policy, overall compensation comprises the following three components.

1 Monthly compensation
Basic compensation for the performance of daily work

2 Bonuses
A short-term incentive determined based on consolidated business results for a single fiscal year and individual performance (Evaluation based on consolidated business results mainly focuses on consolidated operating profit; however, it also entails the comprehensive consideration of factors such as the operating profit margin, ROE, the ratio of EBITDA to net interest-bearing debt, and ESG initiatives, while individual performance is evaluated on factors such as the business results of the organization the individual in question is responsible for and their level of contribution to achieving management plans.)

3 Stock-based compensation
A medium- to long-term incentive designed to motivate directors to contribute to improving medium- to long-term business performance and corporate value (A grant of the Company's shares is paid on retirement through a trust for granting stocks, with the amount based on the number of points awarded to each director.)

Compensation levels

- Executive directors
  Determined based on a level of compensation set for the president & CEO with a differential for each position factored in, with reference to objective data from external research organizations. The level of compensation for the president & CEO, used as a baseline, is set at around 0.1% of the consolidated operating profit for the previous fiscal year, in principle, and adjusted by factoring in extraordinary income and losses and the compensation levels of industry peers, among other considerations.

- Non-executive directors
  Set at a level that will attract the human resources the Company requires and motivate them to perform their duties to the standard expected

Composition ratios

- Executive directors
  Generally, a 5:4:1 ratio of monthly compensation, bonuses, and stock-based compensation (when bonuses constitute the base amount)

- Non-executive directors
  Limited to monthly compensation only in light of their role of supervising the management of the Company from an independent, objective standpoint.

Compensation framework for executive directors

Item	Fixed compensation	Variable compensation	
	Monthly compensation	Bonuses	Stock-based compensation
Timing of payment	Every month	Once a year	Upon retirement
Positioning	Basic compensation	Short-term incentive	Medium- to long-term incentive
Target percentage to total compensation	50%	40%	10%
Incentive structure	—	Based on performance evaluation	Linked to stock price
Variation from base amount		40%–160%	

Corporate Governance System

Compensation for Audit & Supervisory Board members
The Company has set the upper limit for annual compensation paid to Audit & Supervisory Board members at no more than ¥120 million, and compensation for individual members is determined based on discussions by the Audit & Supervisory Board, within the scope of said upper limit.

Audits and internal control

Audit & Supervisory Board
The Company has adopted a statutory auditor system. Under this system, Audit & Supervisory Board members audit the duties of directors from an independent standpoint entrusted by shareholders, collect sufficient information to perform their duties, and ask for explanations on proposals and proactively express their opinions at the meetings of the Board of Directors.

The Audit & Supervisory Board comprises two full-time Audit & Supervisory Board members and two part-time Audit & Supervisory Board members (independent outside Audit & Supervisory Board members). The Audit & Supervisory Board formulates policies and plans for audits by its members, makes decisions on the duties of each member, and shares the results of the audits performed by its members in accordance with their roles.

Audit system underpinned by a three-pillar audit structure
The Company employs a three-pillar audit structure consisting of the Internal Audit Department, the Audit & Supervisory Board and its members, and the Accounting Auditor. Based on the Internal Audit Regulations, Basic Internal Control Regulations on Financial Reporting, and Statutory Auditor Audit Standards, the three bodies share information as well as each other's reports. Further, they coordinate with each other as needed in the auditing activities they engage in from their respective independent standpoints.

In addition, the Internal Audit Department and Audit & Supervisory Board make the Internal Control Department aware of issues through internal control system audits they perform and via the exchange of ideas with relevant officers.

To ensure the Internal Audit Department's independence and effectiveness, the Group Internal Audit Department has been established under the control of the president & CEO. In addition, the Company has established the Office of Statutory Auditors, an organization independent of Company executives, with dedicated staff supporting the work of the members of the Audit & Supervisory Board.

Internal control
The Tokyu Fudosan Holdings Group is thoroughly implementing compliance-based management to achieve its sustainable development and improve its corporate value. All members of the Group shall take steps to put in place and implement internal control systems to raise levels of efficiency and effectiveness while ensuring proper business operations, achieve management priorities, and disclose information appropriately. In addition, Audit & Supervisory Board members monitor and validate the progress of development and the operational status of internal control systems.

Total amount of compensation for directors and Audit & Supervisory Board members in fiscal 2025

Position	Total amount of Compensation (Millions of yen)	Total amount of each type of compensation (Millions of yen)			Number of eligible persons
		Monthly compensation (Fixed compensation)	Bonuses	Stock-based compensation	
Directors	516	283	144	88	16
(of whom, outside directors)	100	100	—	—	6
Audit & Supervisory Board members	89	89	—	—	5
(of which, outside Audit & Supervisory Board members)	26	26	—	—	3

(Note)
Stock-based compensation is categorized as non-monetary compensation.
The number of people and the compensation amounts in the table to the left include three directors and one Audit & Supervisory Board member who resigned at the closing of the 12th Ordinary General Meeting of Shareholders held on June 26, 2025.
The amount of bonuses includes the provision of bonuses to directors (and other officers) in fiscal 2025.
The amount of stock-based compensation is the provision of awarded shares to directors in fiscal 2025.
The basis for calculating the provision of awarded shares to directors (and other officers) is the book value of the Company's shares acquired through a trust using funds provided by the Company.

Promotion of Risk Management

Risk management policy

The Company has defined seven risk categories (investment risks, financial and capital risks, personnel and labor risks, legal and compliance risks, IT strategy and digital strategy risks, information security risks, and crisis management risks) whose occurrence could hinder the achievement of management targets of Group companies. We also recognize the significance of climate change risks.

To manage these risks appropriately, the Company has established the Basic Risk Management Policy, based upon which it has developed and operates a risk management system. In addition, with respect to the six material issues requiring resolution set forth in the long-term vision, GROUP VISION 2030, we have identified and manage opportunities, risks, and relevant material issues.

Basic risk management policy

The Company makes every effort to clearly identify all major Group-wide risks and takes systematic and continuous steps to implement all necessary measures on a priority basis in order to comprehensively manage all risks that could prevent the Group from achieving its management targets or lead to financial loss.

Highly significant risks
- Investment risks
- Financial and capital risks
- Personnel and labor risks
- Climate change risks

Other risks
- Legal and compliance risks
- IT strategy and digital strategy risks
- Information security risks
- Crisis management response

Risk management structure

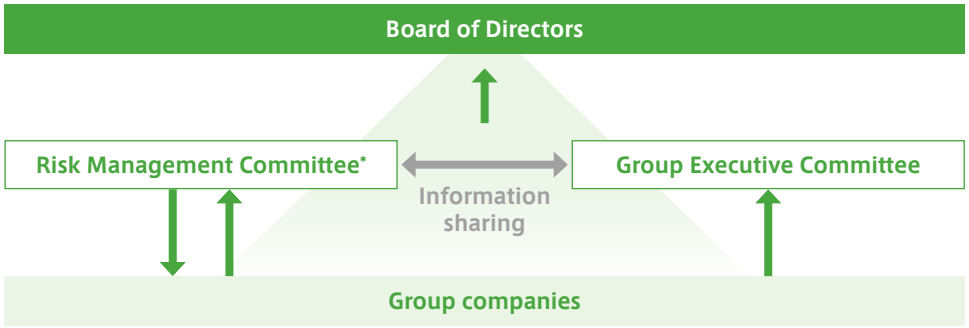
The Risk Management Committee and the Group Executive Committee manage each highly significant risk category in accordance with the type of risk. Overall risk management is overseen by the Risk Management Committee, which reports to the Board of Directors.

The Risk Management Committee also manages Group priority risks, which are risks that need to be addressed on a Group-wide basis, and monitors and evaluates the status of risk management at each Group company.

Each Group priority risk is assigned to a supervising division, which is responsible for executing a thorough plan-do-check-act cycle. Further, the Company is strengthening the overall risk management system through such means as monitoring and evaluating the progress of risk management at each Group company via the Risk Management Committee.

If a risk potentially leading to a significant financial loss suddenly manifests, the Company promptly provides information and makes decisions based on its Emergency Response Provisions so as to minimize damage. The Company also confirms the sufficiency of risk management systems and operations through internal audits and, for major risks, systematically conducts audits in accordance with their priority.

Risk management structure



* Has overall control of managing Group priority risks and monitoring and evaluating the status of risk management at each Group company

Promotion of Risk Management

Main scenarios and management initiatives for major risks

Risk categories	Main scenarios	Risk management initiatives
Investment risks	• Asset-utilizing businesses may see a downturn in profitability or a decrease in the value of owned assets due to factors including changes in business conditions, real estate markets, or government policy in Japan and overseas.	• We have set risk management factors and calculate value at risk for each investment asset, and the amount of risk is managed through continuous monitoring.
Financial and capital risks	• Our financial position and business performance may be adversely affected by a rise in interest rates or a steep drop in share price.	• When procuring financing from financial institutions, we minimize the impact of interest rate rises through steps such as ensuring the majority of interest-bearing debt is of a long-term nature. • In regard to equity, we work to keep our share price at an appropriate level by analyzing capital market trends and engaging in appropriate investor relations activities.
Climate change risks	• Transition risk: Tighter laws and regulations, such as carbon taxes, may have an adverse impact on business, while companies that cannot adapt to a decarbonizing society may suffer a fall in demand and loss of reputation. • Physical risk: The ski resort business may be impacted by reduced snowfall, and adverse climate events may raise costs by damaging buildings and lengthening construction periods.	• We have adopted the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). • We have formulated a transition plan to succeed in a decarbonized society and have set climate change-related targets while advancing Group-wide initiatives to achieve them. • Details of initiatives are discussed and coordinated by the Sustainability Committee and reported to the Board of Directors.
IT strategy and digital strategy risks	• If we are unable to respond swiftly and appropriately to technological progress and changes in customer demand, our financial position and business performance may be adversely affected.	• We are considering possible applications for new technologies in each business. • We have positioned digital transformation (DX) as a Group policy and are advancing various related measures.
Personnel and labor risks	• The decline in the working-age population due to the contracting birth rate and aging population in Japan, and the resulting shortage of human resources, may hinder the growth of the Group	• We are eliminating over-long working hours and encouraging employees to use paid leave. • We are adapting to the diverse workstyles of employees through measures such as teleworking and work-at-home systems.
Information security risks	• If we were to suffer an information leak caused by a cyberattack or an employee, it may adversely impact our social credibility and brand image.	• We are strengthening our information security measures. • We are raising the digital literacy of employees through training, such as targeted email attack drills.
Crisis management response	• A crisis such as a natural disaster, terror attack, accident, fire, or epidemic; an event such as the discovery of an environmental issue or real estate defect; or an extreme change in population demographics may result in conflict related to damages connected to assets owned by the Group or the fulfillment of compensation obligations.	• We are preparing safety measures and business continuity plans for times of disaster. • We are carrying out training that anticipates a variety of potential disasters.
Legal and compliance risks	• If an event such as a violation of laws and regulations or a payment of compensation for damages were to occur, it may adversely impact our social credibility and brand image.	• We have formulated and are promoting a compliance program. • We are establishing compliance frameworks at each Group company. • We have created the Tokyu Fudosan Holdings Group Code of Conduct and Compliance Manual for all officers and employees.

Strengthening of information security

The Tokyu Fudosan Holdings Group considers the destruction of information and leaks of intellectual property or personal information due to cyberattacks (external threats) or intentional or negligent acts (internal threats) to be critical management issues. To address such increasing threats, the Information Security Committee, chaired by a representative director, formulates and manages information security action plans based on an analysis of risks while promoting countermeasures across the Group. Beyond standardizing and advancing Group-wide IT infrastructure and security measures, we conduct regular inspections of IT governance frameworks and information systems at Group companies to ensure thorough compliance with rules and regulations.

Compliance

The Group positions risk management, based on compliance management, as a foundation of its business. We ensure that each officer and employee makes decisions and acts in accordance with laws and the Tokyu Fudosan Holdings Group Code of Conduct by promoting awareness and understanding through the Compliance Manual and regular training. In addition, we have established a whistleblowing hotline that allows employees* of each Group company to anonymously report issues, in addition to setting up an external contact point handled by attorneys who are not corporate advisors, to enable the early detection and correction of violations. (162 consultations and reports in fiscal 2025)

* Including contract employees, temporary employees, and part-time employees