

## A Roundtable Discussion Featuring the Chairman of the Board and Three External Directors

# A New Management Structure to Support Sustainable Growth

With new senior management in place, the Tokyo Tatemono Group is headed for further growth. The Chairman of the Board and three external directors discuss issues related to improving the effectiveness of governance.

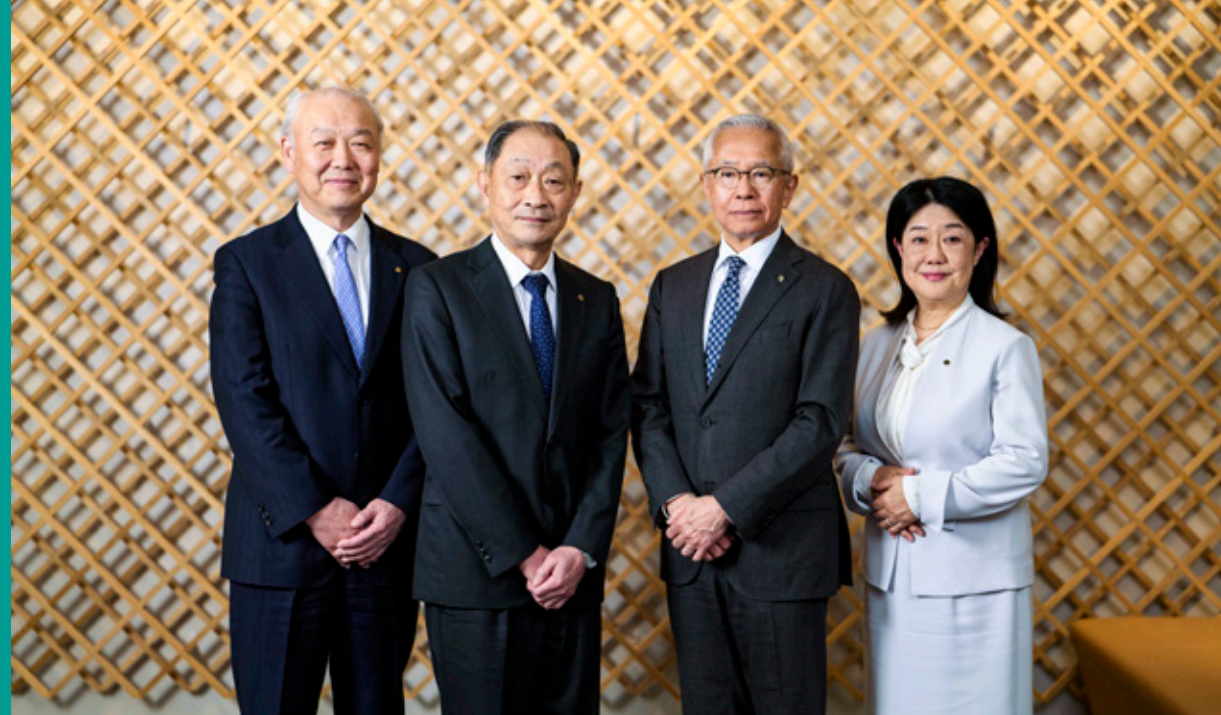
(From left)

**Makio Tanehashi**  
Director and  
Chairman of the Board

**Shuichi Hattori**  
External Director

**Yoshimitsu Onji**  
External Director

**Yumiko Kinoshita**  
External Director



## Transparency of the Selection Process for the President and Chief Executive Officer

**Tanehashi** We recognize that investors closely scrutinize whether an appropriate selection process was followed in appointing top management and how effectively the Nomination and Remuneration Advisory Committee functioned.\* In the latest selection process, the Nomination and Remuneration Advisory Committee invited the candidates to speak about their strengths based on their professional experience, their management philosophy, and their vision for the Company's future. This was followed by a question-and-answer session. As external directors, what are your thoughts on the process of selecting a new President and Chief Executive Officer?

**Onji** The recent selection process was far from a formality. It was highly substantive and meaningful, with interviews

conducted for each candidate. While the process allowed us to gain a deeper understanding of each candidate as an individual, it also highlighted that, in regular board meetings and similar settings, we tend to see them from a limited perspective. I feel this is an issue that should be addressed. Of course, this is not just an issue in the context of selecting the President and Chief Executive Officer. Having a good understanding of one another is also important when discussing matters at board meetings and other forums. For example, arranging meetings involving managing officers, general managers and external directors could provide opportunities to gain insight into each other's work ethic, skills, and managerial perspectives. In this way, deepening mutual understanding would invigorate discussions and help prepare for future selections.

**Kinoshita** I largely agree with Mr. Onji regarding the selection process. If I were to suggest an improvement, it would be to share the final schedule for the selection process within the Nomination and Remuneration Advisory Committee at an earlier

stage. This would have allowed the external directors to better prepare, for example, by aligning their questions for consistency. I have already provided this feedback to the secretariat. In selecting the next President and Chief Executive Officer, I placed great importance on whether the candidate possessed the composure and insight to step back and discern the essence of a situation, even amid uncertainty. From this perspective, I considered both the interviews conducted by the Nomination and Remuneration Advisory Committee and the candidate's ability to offer insights that helped break deadlocks in board discussions. These factors informed my decision. I also have high expectations for Mr. Ozawa's leadership from a long-term perspective, including his proactive approach to deploying female and international talent. He can draw on his experience in the Personnel Department, where he championed the promotion of women.

**Hattori** I also agree with both of your assessments regarding the transparency of the recent selection process. In many Japanese companies, leadership transitions tend to follow a top-down

\* In 2025, the Nomination and Remuneration Advisory Committee was reorganized into two bodies: the Nomination Advisory Committee and the Remuneration Advisory Committee.

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approach, with outgoing presidents naming their successors. This was my first experience with a process like the one adopted at Tokyo Tatemono. In evaluating candidates, I focused on three key criteria: ability, insight, and trustworthiness. I believe that the consensus ultimately reached among the external directors reflects how effectively the Nomination and Remuneration Advisory Committee functioned. I hope the new President and Chief Executive Officer will be a strong driving force for the organization, ensuring both stable management and growth.

**Tanehashi** Having heard everyone's comments, I am now convinced that the selection process functioned effectively because of the genuine commitment and active engagement of the external directors. I also found it noteworthy that the final selection criteria emphasized qualities such as the ability to generate earnings and the ability to perform well under pressure—both essential to supporting the Group's growth. Building on Mr. Onji's comments, we should make full use of the external director meetings introduced this year to increase interaction among managing officers and general managers, and to narrow down candidates through a multi-phase dialogue process.

### Medium-Term Business Plan Discussions at Management Discussion Board Meetings

**Onji** The Management Discussion Board discussed the current medium-term business plan multiple times prior to deliberation by

the Board of Directors. Established in 2023, the Management Discussion Board serves as a forum separate from the Board of Directors for broad discussions on important management issues from a medium-to-long-term perspective. I see it as an innovative function unique to the Company, and I strongly hope it will continue to evolve and develop further. At the same time, this structure carries the risk of becoming a forum where officers simply respond to questions about their areas of responsibility posed by external directors. Of course, there will be times when the Management Discussion Board calls on officers to respond in this capacity, but it should also regularly seek input from a Groupwide management perspective and encourage discussion among participants. Positioning the Management Discussion Board as a forum for the entire management team to speak freely also creates valuable opportunities to identify the next generation of management talent.

**Tanehashi** Discussions of the medium-term business plan at Management Discussion Board meetings tended to lean toward individual business plans and numerical targets. Recognizing the need to address this tendency, we aim to transform Management Discussion Board meetings into forums for in-depth, forward-looking discussions on topics such as the Group's vision and new business initiatives. Furthermore, Tokyo Tatemono has already established the Group Strategy Committee as a forum for discussing topics such as prospective new businesses and the outlook of each business. We believe it is also important to enhance dialogue between each business division and the external directors, including through collaboration within this committee.

**Hattori** I believe there is untapped potential in Management Discussion Board meetings. As Mr. Tanehashi pointed out, discussions of the medium-term business plan ultimately focused on numerical targets. Therefore, we may need to come up with themes for Management Discussion Board meetings that aren't covered in other forums. For example, rather than taking a solely top-down approach, we could incorporate proposal-based topics that reflect the employee viewpoint. We may be able to achieve more realistic and creative outcomes by involving people with front-line ideas in the discussions. We also need to have extensive discussions on M&A. M&A can be in the same domains as the Group's core businesses, or in different fields. The Company can

handle the former by assigning internal personnel, but the latter presents greater challenges. I think we require in-depth discussion to address this issue.

**Kinoshita** My impression is that the discussions on the current medium-term business plan focused on completing more detailed plans for each business segment. I felt there could have been more in-depth discussion of cross-organizational topics, such as effective deployment of human capital and response to various risks. In particular, I think we could have had a deeper discussion on developing and utilizing human resources. Given that this issue is key to the Group's ongoing growth, I look forward to future discussions and strategy formulation based on a long-term perspective. Tokyo Tatemono is more agile than its larger competitors. The Company needs to take advantage of that in hiring and developing diverse talent, as well as in boldly taking on challenges in new areas such as digital transformation, overseas business, and M&A.

### Evolving the Board of Directors

**Onji** First of all, I feel that the operation of the Board of Directors has changed significantly under the leadership of Chairman Tanehashi. Specifically, I feel that the board is more receptive than ever to the opinions of external directors, and has become a more effective forum for substantive discussion. At many companies, recommendations and concerns raised by external directors are



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still addressed only superficially at board meetings, with only ad hoc discussion and no clear resolution. While Tokyo Tatemono's board is clearly evolving and taking steps to improve, it is still early in the process. Going forward, I believe it will be increasingly important to invigorate board discussions by systematically organizing past recommendations and the Company's responses to them, thereby clarifying key issues and actions.

**Tanehashi** I agree. In particular, I believe Mr. Onji raised an important point regarding the need to establish a systematic framework for issue management. There has been feedback indicating that it is often unclear how executive management responds to the opinions and recommendations of external directors. To address this, I think it would be worth considering a PDCA-based issue management table. This would enable us to analyze the deliberation process and provide alternative proposals, even in cases where advice and recommendations from external directors are not implemented. For M&A discussions and environment-related issues, it would also enable us to confirm that deliberations were properly conducted, with specific risks and costs duly taken into account.

**Kinoshita** My request comes from a slightly different angle than those we have just heard: I would like to see tours or study sessions arranged for external directors, focusing on Tokyo Tatemono's projects. This experience would help external



directors gain a better understanding of the business, which I believe would be important for enhancing the quality of board discussions. I also feel that external directors are not often involved in in-depth discussions when it comes to sustainability management. Currently, reports from the Sustainability Committee provide external directors with a certain level of insight into ongoing activities and issues, but I feel we are not sufficiently involved in identifying strategic issues or engaging in substantive discussion. Management Discussion Board meetings and external director meetings could serve as valuable forums for in-depth discussion of specific topics I mentioned earlier, such as human resource strategies and the strengthening of risk management.

**Hattori** I have been involved with Tokyo Tatemono for 10 years now, and I sense that the role of the Board of Directors has been evolving at a faster pace in recent years. In the past, I had a strong impression that the board was a forum focused mainly on investment decisions. Now, however, under the leadership of the Chairman of the Board, it appears to be evolving into a venue for more open, substantive discussions on management. I would say that enhancing the quality of these discussions and ensuring that the Board of Directors and other forums are functioning effectively will lead to more effective governance.

### Outlook for Sustainable Growth

**Onji** We achieved solid growth under the previous medium-term business plan. Going forward, however, further sustainable growth will increasingly depend on enhancing our information-gathering capabilities and establishing an internal structure to professionally assess that information, with the aim of expanding opportunities through M&A and new businesses. I also believe there is room for further consideration of the business portfolio strategy that underpins Tokyo Tatemono's growth strategy. Looking beyond Tokyo Tatemono's core businesses, such as office buildings and condominiums, it may be time to clearly define the industry position and long-term goals of areas where growth is expected—namely, its services, new businesses, and affiliated companies—and to formulate strategies and manage



progress according to their particular characteristics.

**Hattori** Ongoing discussion of business portfolio strategy is essential. For a corporate group like Tokyo Tatemono, which operates on a medium-to-long-term timeline and assumes long-term risks, maintaining a portfolio of businesses with differing risk profiles is strategically important and should ultimately contribute to shareholder value.

**Kinoshita** A corporate culture rooted in trust is one of the Tokyo Tatemono Group's defining strengths, and preserving that culture is vital to the Group's medium-to-long-term growth. To that end, the Company may need to give serious consideration to articulating its culture more clearly and establishing a formal corporate mission. In an increasingly uncertain business environment, I believe it is important for the Company not only to develop business plans based on extensions of the current trajectory, but also to adopt a more flexible mindset—one that can backcast from an ideal future state and embrace new challenges in emerging fields.

**Tanehashi** Thank you all for your valuable insights today. With the launch of the medium-term business plan under the new management structure, I hope that the executive team and the Board of Directors will further deepen their mutual understanding and engage in more effective discussions to support the steady execution of strategy and the sustainable growth of the Group.