Message from the Chairman of the Board

Quest to Evolve Corporate Governance Systems to Support Next Stage of Growth

Makio Tanehashi
Chairman of the Board

Tokyo Tatemono is enhancing its corporate governance functions to make them ideally suited to its pursuit of ongoing growth and medium- to long-term improvements in corporate value. For example, we have taken various steps with regard to the membership and proceedings of the Board of Directors to facilitate more effective and multifaceted discussions. These steps included increasing the diversity of the Board by appointing an additional external director in 2025, bringing the total number of external directors to five, two of which are women. By transitioning to a team with wider-ranging experience and viewpoints, we look to make discussions by the Board more meaningful.

I believe that external directors should have deep insight and specialized knowledge as well as an understanding of Tokyo Tatemono's business characteristics and corporate culture. They also must possess the ability to identify fundamental points to be focused on from the perspective of improving corporate value over the medium to long term. From this perspective, I seek to contribute to the effectiveness of the Board of Directors by taking full advantage of the multifaceted perspectives and robust management experience of the current team of five external directors and encouraging frank discussions as the Chairman of the Board.

In fiscal 2026, we project that certain profit targets defined in the current medium-term business plan will be accomplished ahead of schedule and that we will post business profit of 102.0 billion yen. However, we cannot allow ourselves to become satisfied with this level of performance. Rather, we must continue to revise even those frameworks and practices that have proven effective in the past to bring them better in line with the scale of our profit and the size of our staff. At the same time, I recognize that the Board is pressed to develop highly objective and transparent governance systems matched to the growing scale of the Company while maintaining the strengths of its corporate culture and supporting it in its next growth stage.

Tokyo Tatemono has established the Nomination Advisory Committee and the Remuneration Advisory Committee to serve as advisory bodies to the Board of Directors. I see a need to further enhance the functionality of these committees. The Nomination Advisory Committee, for example, requires frameworks for more objectively determining how to foster the pool of candidates from which to choose future managements and deciding what criteria will be used to evaluate these candidates. As for the Remuneration Advisory Committee, this body undertook a revision to the remuneration systems for internal directors, which entailed increasing the portions of remuneration attributable to performance-based remuneration and stock-based remuneration. However, the committee still needs to craft the details of these schemes to determine factors such as the evaluation methods to be used and the indicators to be emphasized. We will seek to develop frameworks for supporting management from a medium- to long-term perspective.

The Board of Directors, meanwhile, should be a forum for discussion always underscored by a healthy degree of tension. If we cannot sustain this type of forum, we cannot hope to achieve ongoing growth. Organizations have a tendency to degrade into a state of homogeneity as time goes on. Avoiding this pitfall requires constant vigilance in incorporating diversity along with flexible changes to corporate frameworks in response to business scale growth. Such efforts will not only contribute to improvements in Group-wide performance, but they will also help further enhance the amazing corporate culture that Tokyo Tatemono has fostered thus far. As the Chairman of the Board, I am committed to leading efforts to improve the effectiveness of the Board of Directors and evolve Tokyo Tatemono's corporate governance systems. I will do this without fear of change to support the Company in its next growth stage.