Risk Management

The Tokyo Tatemono Group has identified strengthening the risk management framework as a material issue related to governance. To achieve stable improvement in corporate value, the Group works to appropriately manage risks that could affect its business. Accordingly, we have established relevant regulations and created a risk management framework for continuous monitoring and control of risks.

▶ (*Sustainability Report 2026*) Risk Management P. 95–97

Risk Management Structure

The Company has established a Risk Management Committee, chaired by the President and Chief Executive Officer, to oversee comprehensive risk management across the Group. The Risk Management Committee formulates the Group's annual risk management plans, evaluates and analyzes material management risks (priority risks to be addressed), formulates preventive measures and countermeasures, and regularly monitors the implementation status of those measures. In addition, risks other than priority risks to be addressed (department-level management risks) are appropriately managed and mitigated by the general managers of each division and office, who serve as risk management officers, while overall risk management across the Company is overseen by the President and Chief Executive Officer, who serves as the Chief Risk Management Officer.

Furthermore, we have adopted the Three Lines Model* to maintain and improve risk management effectiveness.

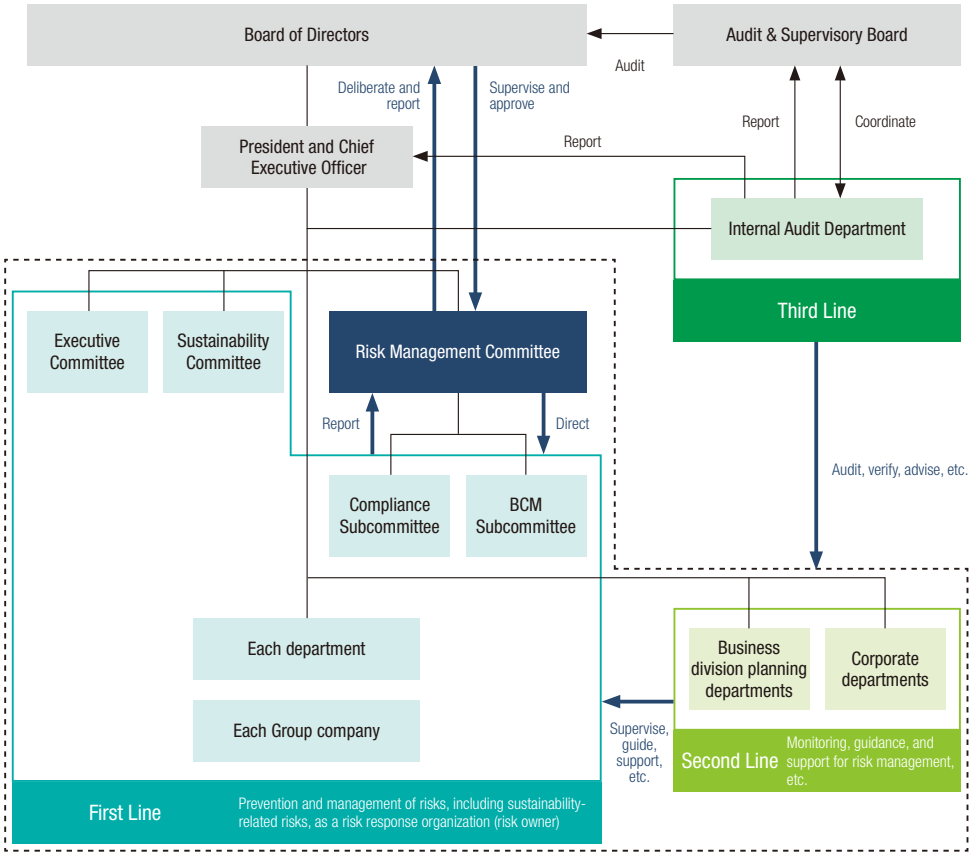
The general managers of business divisions and offices serve as risk management officers within their respective organizations. Together with relevant internal committees and the risk management organizations of Group companies, they constitute the first line as risk owners. In this role, they are responsible for appropriately managing and mitigating department-level management risks and reporting to the Risk Management Committee. Corporate departments and the planning departments of each business division constitute the second line, supervising, guiding, and supporting risk management efforts within their respective divisions and offices. Serving as the third line, the Internal Audit Department conducts audits, performs verifications, and provides advice on how corporate departments and the planning departments of each business division are addressing risk management within each division and office and Group company. Additionally, the Risk Management Committee operates independently of the Audit & Supervisory Board, and the Chief Risk Management Officer (the President and Chief Executive Officer) is not a member of the Audit & Supervisory Board.

With regard to sustainability-related risk management, the Sustainability Committee serves as the risk response organization (risk owner), working in collaboration with relevant departments. It is also responsible for reporting important matters on implementation status to the Risk Management Committee.

In addition, important matters deliberated by the Risk Management Committee—such as the risk management structure, policies, and annual plans, as well as the status of risk management—are either reported to or submitted for discussion by the Board of Directors, which oversees the effectiveness of the Group's overall risk management, including risks related to sustainability.

* The risk management structure was developed with reference to the following external standards and frameworks.
- ISO 31000: An international risk management standard
- Enterprise Risk Management (ERM): Risk management for entire corporate organizations, released by the Committee of Sponsoring Organizations of the Treadway Commission (COSO)
- Three Line Model: Released by The Institute of Internal Auditors (IIA)

Risk Management Structure



Risk Management

Risk Management Activities

The Group defines risk as “any factor of uncertainty arising in the course of business operation within the Group,” and carries out risk management through a PDCA cycle.

Specifically, the Group identifies risk exposure and conducts risk assessments based on factors such as potential impact (financial and human losses), likelihood of occurrence, changes in business environment, and corporate values. The Board of Directors draws on assessment outcomes and the deliberations of the Risk Management Committee to identify priority risks to be addressed and the designated risk response organizations (risk owners) implement relevant countermeasures. The Risk Management Committee directly monitors the status of countermeasures for priority risks to be addressed and regularly submits reports and updates to the Board of Directors. In addition, corporate departments and business division planning departments serve as the second line, monitoring the status of countermeasures for division-level management risks, and regularly reporting details to the Risk Management Committee.

The main risks of the Group including priority risks to be addressed are as follows.

Major Risks, Including Priority Risks to Be Addressed

Type of Risks Details	Details
Risks related to real estate development	The risk of cost increases, delays in business schedules, and other negative outcomes due to the effects of unpredictable phenomena such as inclement weather, natural disasters, delays in receiving permissions, soil pollution, and the discovery of significant buried objects
Risks related to interest rate fluctuations	Risk that a rise in interest rates will result in an increase in interest payments on interest-bearing debt or a decline in the value of assets held by the Group
Risks related to price fluctuations	Risk that significant and sudden price fluctuations may lead to cost increases that cannot be fully passed on to rents or sales prices
Risks related to trends in the real estate market	Risk of rapid or drastic fluctuations in economic or market conditions resulting in a decline in office needs due to deteriorating corporate performance in the rental office market, a decline in customers’ willingness to purchase condominiums in the residential condominium market, or a decline in investment demand in the real estate investment market
Risks related to natural disasters and man-made disasters	Risk that harm to employees may disrupt business activities, and that the value of real estate owned, managed, or operated by the Tokyo Tatemono Group may decline
Country risks related to the Group’s overseas operations	Risks including project suspension, schedule delays, or increased costs when doing business outside Japan, due to factors such as deterioration of political or economic conditions, changes in laws or regulations, or worsening security in the countries where we operate

Comprehensive Information Management

The Group has established information management rules to ensure the proper use of corporate information and to prevent unauthorized access, loss, leakage, or other forms of misuse. In addition, it has established a framework in which the general manager of the Corporate Planning Department serves as the Chief Information Management Officer, while the general managers of business divisions and offices serve as Information Management Officers.

In addition, the Group has promulgated its Rules for Handling Personal Information and Rules for Handling Specific Personal Information to ensure the proper handling of general personal information and specific personal information. Based on these regulations, we ensure that employees handle information properly, and work to strengthen our management of personal and confidential information through regular annual self-inspections. Further, we publish contact information on our website to respond to requests from individuals for disclosure of their personal data. We also handle complaints and other inquiries regarding the handling of personal information. We also have a system in place to ensure appropriate and prompt reporting to relevant authorities and individuals concerned in the event of a personal information leak or signs of a potential leak.

In addition, Tokyo Tatemono Real Estate Sales, which handles a high volume of personal information, maintains ISO/IEC 27001 (JISQ 27001) certification and undergoes annual external assessment as part of its commitment to continuous improvement. The results of these assessments are incorporated into the Group’s annual information management training provided to all employees.

Cyberattack Response Training Exercise (Targeted Email Attacks)

The Group conducts training for its officers and employees to improve their awareness of and ability to respond to cyberattacks. In fiscal 2025, in accordance with our Rules for Information Management, we sent simulated targeted attack emails to all employees of 17 Group companies (including Tokyo Fudosan Kanri, Nihon Parking, and Tokyo Tatemono Amenity Support) as part of cyberattack response training. Based on the results of the training exercise, individuals who did not meet a certain threshold were shown instructions on how to correctly respond and received guidance from their general managers, who serve as Information Management Officers. As part of their onboarding training, new employees receive lecture-style instruction on the Company’s cybersecurity measures and information management rules. In addition, we provide cybersecurity training for all officers and employees. In fiscal 2025, we streamed videos covering the reality of support scams, the characteristics and methods of phishing scams, precautions regarding cloud services, techniques for identifying targeted email attacks, and ransomware attacks.