

Last Update: April 10, 2019

Tokyo Tatemono Co., Ltd.

Hitoshi Nomura

Representative Director

President & Chief Executive Officer

Contact: Corporate Planning Department

(TEL: +81-(0)3-3274-0113)

Securities Code: 8804

<https://www.tatemono.com>

The corporate governance of Tokyo Tatemono Co., Ltd. (“Tokyo Tatemono”) is described below.

## I. Basic Views on Corporate Governance, Capital Structure, Corporate Profile and Other Basic Information

### 1. Basic Views

Tokyo Tatemono strives to build optimal corporate governance with a focus on securing soundness and transparency of management and increasing its effectiveness in order to enhance corporate value. Tokyo Tatemono also conducts information disclosure in proactive and appropriate manner to ensure that shareholders and other stakeholders have an accurate understanding of Tokyo Tatemono’s business content, etc.

In addition, Tokyo Tatemono strives to raise awareness about legal compliance and control/prevent the occurrence of illegal acts, wrongful acts, etc. by setting “spirit of compliance” as its “code of conduct” under “corporate philosophy” and establishing a compliance system.

#### [Reasons for Non-compliance with the Principles of the Corporate Governance Code]

Tokyo Tatemono complies with each of the principles of the Corporate Governance Code.

#### [Disclosure Based on the Principles of the Corporate Governance Code] Updated

[Principle 1.4 Cross-shareholding]

##### (1) Cross-shareholding policy

Shares of other companies may be held by cross-shareholdings if deemed to maintain, strengthen, etc. business relationships and thereby serve to maintain or enhance the corporate value of the Tokyo Tatemono Group over the medium to long term.

Cross-shareholdings are individually assessed by the Board of Directors annually to determine whether or not continuing to hold the shares would be appropriate from the perspective of maintenance or enhancement of corporate value. If continuing to hold the shares is no longer found to have significance as a result of the assessment, the number of shares held is reduced while taking impact on the stock market and other factors into account.

##### (2) Standards for exercise of voting rights

In exercising voting rights, voting rights are exercised based on a comprehensive judgment of whether to vote in favor or against the proposal in light of whether or not it is in conformity with Tokyo Tatemono’s policy on holding, whether or not it serves to maintain or enhance the corporate value of the issuing company over the medium to long term and other factors in due respect of the issuing company’s corporate management policy, strategy, etc. by engaging in dialogue with the issuing company when necessary.

[Principle 1.7 Related-party transactions]

When directors or executive officers engage in transactions involving conflicts of interest or competitive transactions, or when they engage in transactions with major shareholders, unless the transaction is one that has a transaction amount of ¥1 million or less and is also an ordinary transaction as a general consumer and there are no concerns of harming the company's and shareholders' common interests, Tokyo Tatemono obtains the prior approval of the Board of Directors pursuant to the rules of the Board of Directors before engaging in transactions and appropriately discloses material facts thereof pursuant to laws and regulations after execution of the transactions.

In addition, if engaging in transactions with directors or major shareholders, Tokyo Tatemono engages in fair and appropriate transactions under the same terms and conditions as general business partners upon negotiation with the counterparty in light of market prices.

[Principle 2.6 Exercising capability as an asset owner for corporate pension]

Tokyo Tatemono has established policy asset allocation to facilitate safe and efficient achievement of the target rate of return for future steady pension benefit and lump-sum payments.

In addition, with an asset management committee in place, the basic policy on asset management and policy asset allocation are formulated and reviewed for revision, and other measures taken to incorporate the opinions of outside experts and ensure appropriate management.

[Principle 3.1 Enhancement of information disclosure]

- (1) Tokyo Tatemono has formulated a corporate philosophy and medium-term business plan. For details, please refer to the Tokyo Tatemono website.
- (2) Please refer to "1. Basic Views" of this report.
- (3) Of Tokyo Tatemono's senior management, the remuneration for outside directors is limited to fixed remuneration, while the remuneration for directors other than outside directors (hereinafter, "inside directors") and executive officers is composed of fixed remuneration, performance-based remuneration and share-based remuneration.

The remuneration for directors is set to no more than ¥35 million a month as fixed remuneration, and no more than 1% of consolidated recurring income and also no more than 2% of consolidated profit (profit attributable to owners of the parent) of the previous fiscal year as performance-based remuneration (for inside directors only), while the remuneration for each inside director is as deliberated by the Advisory Committee, which has independent outside directors as core members, and then decided by the Board of Directors.

In addition, a share-based remuneration system has been adopted for inside directors and executive officers for the purpose of heightening awareness about contributing to enhancement of corporate value over the medium to long term.

For details of the share-based remuneration, please refer to "Incentive Policies for Directors" under "II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management."

- (4) At Tokyo Tatemono, persons capable of contributing to enhancing Tokyo Tatemono Group's corporate value over the medium to long term based on a comprehensive judgment of character, skills, knowledge, experience, etc. are appointed as senior management and nominated as candidates for directors and audit & supervisory board members.

Appointment and dismissal of representative directors and nomination of director and audit & supervisory board members candidates are subject to deliberation by the Advisory Committee, which has independent outside directors as core members, and then resolution by the Board of Directors.

- (5) Director and audit & supervisory board members candidates' individual career summaries are presented in notices of convocation of general meeting of shareholders and securities reports.

In addition, the individual reasons for appointment are also presented in notices of convocation of general meeting of shareholders and this report and, if a proposal for dismissal is to be submitted as agenda of the general meeting of shareholders, the reasons for dismissal are also presented in notices of convocation of general meeting of shareholders.

[Supplementary Principle 4.1.1]

Tokyo Tatemono has adopted an executive officers system to strengthen management functions and business execution functions, stimulate the Board of Directors and accelerate the decision-making process, delegating the authority to make business execution decisions to the president & chief executive officer and other executive

officers, unless otherwise provided in laws, regulations, the articles of incorporation, etc. as matters to be resolved by the Board of Directors and important matters concerning execution of business. The scope of the delegation is provided in internal rules on the basis of the transaction conditions, transaction amount, etc.

[Principle 4.9 Criteria for independence and credentials of independent outside directors]

Tokyo Tatemono deems outside directors to be independent when, in addition to meeting the criteria for independence stipulated by Tokyo Stock Exchange, they do not fall under any of the following items:

- (1) A business partner of Tokyo Tatemono that constitutes 2% or more of Tokyo Tatemono's consolidated net sales in the most recent fiscal year or a person executing business of such partner
- (2) A shareholder of Tokyo Tatemono that holds more than 10% of the total number of voting rights of Tokyo Tatemono or a person executing business of such shareholder
- (3) A representative, member or employee of an auditing firm employed as the accounting auditor for Tokyo Tatemono
- (4) A consultant, accounting professional or legal professional that receives remuneration (excluding director remuneration) of more than ¥10 million from Tokyo Tatemono in the most recent fiscal year

[Supplementary Principle 4.11.1]

Tokyo Tatemono strives to secure diversity and balance in knowledge, experience, skills, etc. of the Board of Directors as a whole to ensure useful and multilateral discussions by the Board of Directors, and maintains the Board of Directors in an appropriate size to ensure that the Board of Directors functions effectively and efficiently.

[Supplementary Principle 4.11.2]

The status of important concurrent positions held by Tokyo Tatemono's directors and audit & supervisory board members are disclosed in notices of convocation of general meeting of shareholders.

[Supplementary Principle 4.11.3]

Tokyo Tatemono has all directors and audit & supervisory board members respond to a questionnaire survey on the composition, agenda, operation, etc. of the Board of Directors once a year, the results of which are analyzed and then discussed by the Board of Directors.

The results have found that effectiveness as a board of directors is fully secured.

[Supplementary Principle 4.14.2]

Tokyo Tatemono conducts legal and corporate management training workshops, etc. of directors and audit & supervisory board members as appropriate to promote their understanding of their roles and responsibilities.

In addition, the Tokyo Tatemono Group's business overview, medium-term business plan content and progress status, medium- to long-term business issues, etc. are explained to outside directors upon their assumption of office.

[Principle 5.1 Policy on constructive dialogue with shareholders]

Tokyo Tatemono takes proactive measures for dialogue with shareholders and investors on the thinking that proactive and appropriate disclosure of the medium-term business plan progress and other management status, financial information, etc. leads to fulfillment of corporate accountability.

Tokyo Tatemono has the Corporate Communications Department set as the competent department having jurisdiction over dialogue with shareholders and investors and information disclosure, and the director in charge of the Corporate Communications Department set as the director in charge of dialogue with shareholders and investors and information disclosure, and also has these working in cooperation with other directors, departments, etc. when necessary. Based on such, Tokyo Tatemono strives for constructive dialogue with shareholders and investors and information disclosure through the general meeting of shareholders, financial results briefings, individual interviews and other opportunities.

## 2. Capital Structure

Foreign Shareholding Ratio	More than 30%
----------------------------	---------------

**[Status of Major Shareholders] Updated**

Name / Company Name	Number of Shares Owned	Percentage (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	20,645,800	9.52
Japan Trustee Services Bank, Ltd. (Trust Account)	13,747,700	6.34
SSBTC CLIENT OMNIBUS ACCOUNT (Standing proxy: Custody Services Department, The Hongkong and Shanghai Banking Corporation Limited Tokyo Branch)	5,910,556	2.72
Sompo Japan Nipponkoa Insurance Inc.	5,242,000	2.42
Meiji Yasuda Life Insurance Company (Standing proxy: Trust & Custody Services Bank, Ltd.)	4,729,000	2.18
The Bank of New York Mellon 140051 (Standing proxy: Settlement & Clearing Services Department, Mizuho Bank, Ltd.)	4,282,000	1.97
Japan Trustee Services Bank, Ltd. (Trust Account 5)	4,219,900	1.95
JPMorgan Chase Bank 380634 (Standing proxy: Settlement & Clearing Services Department, Mizuho Bank, Ltd.)	4,009,304	1.85
JPMorgan Chase Bank 385151 (Standing proxy: Settlement & Clearing Services Department, Mizuho Bank, Ltd.)	3,128,189	1.44
State Street Bank and Trust Company 505001 (Standing proxy: Settlement & Clearing Services Department, Mizuho Bank, Ltd.)	2,896,552	1.34

Controlling Shareholder (except for Parent Company)	-----
Parent Company	None

Supplementary Explanation Updated

<Supplementary Explanation for “2. Capital Structure [Status of Major Shareholders]”>  
 [Status of Major Shareholders] is the status as of December 31, 2018.

**3. Corporate Attributes**

Listed Stock Market and Market Section	Tokyo Stock Exchange First Section
Fiscal Year-End	December
Type of Business	Real Estate
Number of Employees (consolidated) as of the End of the Previous Fiscal Year	More than 1000
Sales (consolidated) as of the End of the Previous Fiscal Year	From ¥100 billion to less than ¥1 trillion
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	From 10 to less than 50

**4. Policy on Measures to Protect Minority Shareholders in Conducting Transactions with Controlling Shareholder**

-----

**5. Other Special Circumstances which may have Material Impact on Corporate Governance**

---

## II. Business Management Organization and Other Corporate Governance Systems regarding Decision-making, Execution of Business, and Oversight in Management

### 1. Organizational Composition and Operation

Organization Form	Company with Audit & Supervisory Board
-------------------	--

#### [Directors]

Maximum Number of Directors Stipulated in Articles of Incorporation	12
Term of Office Stipulated in Articles of Incorporation	2 years
Chairperson of the Board <span style="border: 1px solid black; padding: 0 2px;">Updated</span>	Chairperson (except for when concurrently holding the position of president)
Number of Directors	12
Appointment of Outside Directors	Appointed
Number of Outside Directors	4
Of Outside Directors, Number of Independent Directors	4

#### Outside Directors' Relationship with the Company (1) Updated

Name	Attribute	Relationship with the Company*											
		a	b	c	d	e	f	g	h	i	j	k	
Yoshiyuki Imai	From another company									△			
Yoshimitsu Onji	From another company												
Shuichi Hattori	From another company												
Mitsuhiro Nagahama	From another company									△			

\* Categories for "Relationship with the Company"

\* "○" when the director presently falls or has recently fallen under the category;

"△" when the director fell under the category in the past

\* "●" when a close relative of the director presently falls or has recently fallen under the category;

"▲" when a close relative of the director fell under the category in the past

a. Executive of the Company or its subsidiaries

b. Non-executive director or executive of a parent company of the Company

c. Executive of a fellow subsidiary company of the Company

d. A party whose major client or supplier is the Company or an executive thereof

e. Major client or supplier of the Company or an executive thereof

f. Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as a director/audit & supervisory board members

g. Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a legal entity)

h. Executive of a client or supplier company of the Company (which does not correspond to any of d, e, or f) (the director himself/herself only)

i. Executive of a company, between which and the Company outside directors/ audit & supervisory board members are mutually appointed (the director himself/herself only)

j. Executive of a company or organization that receives a donation from the Company (the director himself/herself only)

k. Others

Outside Directors' Relationship with the Company (2) Updated

Name	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons of Appointment
Yoshiyuki Imai	○	Mr. Yoshiyuki Imai is from Meiji Yasuda Life Insurance Company. There are transactions, such as debt financing, between Tokyo Tatemono and said company. However, in light of the transaction size, etc., there are deemed to be no concerns of impact on shareholder and investor decisions and no special vested interest.	Mr. Yoshiyuki Imai was appointed on the basis of his considerable management experience and wide-ranging insight, which are expected to contribute to the strengthening of the governance system, such as enhancement of oversight over the execution of the duties of directors from an independent point of view. In addition, Mr. Yoshiyuki Imai is deemed to meet the criteria for independence stipulated by Tokyo Tatemono and thus suitable for the position as an independent director unlikely to have conflicts of interest with general shareholders.
Yoshimitsu Onji	○	----	Mr. Yoshimitsu Onji was appointed on the basis of his considerable management experience and wide-ranging insight, which are expected to contribute to the strengthening of the governance system, such as enhancement of oversight over the execution of the duties of directors from an independent point of view. In addition, Mr. Yoshimitsu Onji is deemed to meet the criteria for independence stipulated by Tokyo Tatemono and thus suitable for the position as an independent director unlikely to have conflicts of interest with general shareholders.
Shuichi Hattori	○	----	Mr. Shuichi Hattori was appointed on the basis of his expertise, experience, etc. as a lawyer, which are expected to contribute to the strengthening of the governance system, such as enhancement of oversight over the execution of the duties of directors from an independent point of view. In addition, Mr. Shuichi Hattori is deemed to meet the criteria for independence stipulated by Tokyo Tatemono and thus suitable for the position as an independent director unlikely to have conflicts of interest with general shareholders.

Name	Designation as Independent Director	Supplementary Explanation of the Relationship	Reasons of Appointment
Mitsuhiro Nagahama	○	Mr. Mitsuhiro Nagahama is from Mizuho Corporate Bank Ltd. (currently Mizuho Bank, Ltd.) and Mizuho Securities Co., Ltd. There are transactions, such as debt financing, between Tokyo Tatemono and Mizuho Bank, Ltd.; and transactions, such as issuance of corporate bonds, between Tokyo Tatemono and Mizuho Securities Co., Ltd. However, in light of the transaction size, etc., there are deemed to be no concerns of impact on shareholder and investor decisions and no special vested interest.	Mr. Mitsuhiro Nagahama was appointed on the basis of his considerable management experience and wide-ranging insight, which are expected to contribute to the strengthening of the governance system, such as enhancement of oversight over the execution of the duties of directors from an independent point of view. In addition, Mr. Mitsuhiro Nagahama is deemed to meet the criteria for independence stipulated by Tokyo Tatemono and thus suitable for the position as an independent director unlikely to have conflicts of interest with general shareholders.

Voluntary Establishment of Committee(s) Corresponding to Nomination Committee or Remuneration Committee	Established
---	-------------

Committee Name, Composition, and Attributes of Chairperson Updated

	Committee Corresponding to Nomination Committee	Committee Corresponding to Remuneration Committee
Committee Name	Advisory Committee	Advisory Committee
All Committee Members	7	7
Full-time Members	0	0
Inside Directors	3	3
Outside Directors	4	4
Outside Experts	0	0
Other	0	0
Chairperson	Inside Director	Inside Director

Supplementary Explanation

The Advisory Committee, which was established as a voluntary advisory body to the Board of Directors with independent outside directors as core members, deliberates on appointment and dismissal of director candidates and representative directors, remuneration for inside directors, etc. and reports the results to the Board of Directors.

**[Audit & Supervisory Board Members]**

Establishment of Audit & Supervisory Board	Established
Maximum Number of Audit & Supervisory Board Members Stipulated in Articles of Incorporation	4



Number of Audit & Supervisory Board Members	4
---	---

Cooperation among Audit & Supervisory Board Members, Accounting Auditors and Internal Audit Departments
---

<Cooperation between Audit & Supervisory Board Members and Accounting Auditor>

Audit & supervisory board members and the accounting auditor maintain close cooperation through holding of ordinary meetings as well as extraordinary meetings when necessary, proactive exchange of opinions and information at any time, etc. in an effort to implement efficient and effective audits.

<Cooperation between Audit & Supervisory Board Members and Internal Audit Department>

The Internal Audit Department, which is in charge of internal audits, conducts audit reports, etc. on a periodic basis in line with the holding of Audit & Supervisory Board meetings, and audit & supervisory board members and the Internal Audit Department conduct exchange of information and opinions at any time and other close cooperation in an effort to enhance auditing effectiveness and efficiency.

<Other Matters Concerning Audit & Supervisory Board Members' Main Activities>

Audit & supervisory board members attend the Board of Directors meetings and important meetings of the Group Management Meeting and share opinions when necessary. Directors, the Internal Audit Department and the General Affairs Department each promptly report the following matters to audit & supervisory board members.

(Directors)

Matters that may have critical impact on the company

(Internal Audit Department)

Status of internal audits

Status of reports of wrongful acts, etc. and content thereof

(Internal Control Committee)

Internal management and important compliance matters

In addition, audit & supervisory board members receive reports on a periodic basis from the accounting auditor, directors and each department, and exchange opinions with individual bodies at any time.

Appointment of Outside Audit & Supervisory Board Members	Appointed
Number of Outside Audit & Supervisory Board Members	2
Number of Independent Audit & Supervisory Board Members	2

Outside Audit & Supervisory Board Members' Relationship with the Company (1) <span style="border: 1px solid black; padding: 2px;">Updated</span>
--

Name	Attribute	Relationship with the Company*												
		a	b	c	d	e	f	g	h	i	j	k	l	m
Takao Yamaguchi	CPA													
Sayaka Hieda	Lawyer													

\* Categories for "Relationship with the Company"

\* "○" when the director presently falls or has recently fallen under the category;

"△" when the director fell under the category in the past

- \* “●” when a close relative of the director presently falls or has recently fallen under the category;  
 “▲” when a close relative of the director fell under the category in the past

- a. Executive of the Company or its subsidiary
- b. Non-executive director or accounting advisor of the Company or its subsidiaries
- c. Non-executive director or executive of a parent company of the Company
- d. Audit & supervisory board member of a parent company of the Company
- e. Executive of a fellow subsidiary company of the Company
- f. A party whose major client or supplier is the Company or an executive thereof
- g. Major client or supplier of the Company or an executive thereof
- h. Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from the Company besides compensation as an audit & supervisory board member
- i. Major shareholder of the Company (or an executive of the said major shareholder if the shareholder is a legal entity)
- j. Executive of a client or supplier company of the Company (which does not correspond to any of f, g, or h) (the audit & supervisory board member himself/herself only)
- k. Executive of a company, between which and the Company outside directors/audit & supervisory board member are mutually appointed (the audit & supervisory board member himself/herself only)
- l. Executive of a company or organization that receives a donation from the Company (the audit & supervisory board member himself/herself only)
- m. Others

Outside Audit & supervisory board members' Relationship with the Company (2) Updated

Name	Designation as Independent Audit & Supervisory Board Members	Supplementary Explanation of the Relationship	Reasons of Appointment
Takao Yamaguchi	○	----	Mr. Takao Yamaguchi was appointed on the basis that his expertise, experience, etc. as a certified public accountant can be expected to be applied to the audit operations of Tokyo Tatemono.
Sayaka Hieda	○	----	Ms. Sayaka Hieda was appointed on the basis that her expertise, experience, etc. as a lawyer can be expected to be applied to the audit operations of Tokyo Tatemono.

**[Independent Directors/Audit & Supervisory Board Members]**

Number of Independent Directors/Audit & Supervisory Board Members	6
---	---

Matters relating to Independent Directors/Audit & Supervisory Board Members

All outside directors/audit & supervisory board members eligible as independent directors/audit & supervisory board members are designated as independent directors/audit & supervisory board members.

**[Incentives]**

Incentive Policies for Directors	Performance-linked Remuneration Other
----------------------------------	--

Supplementary Explanation Regarding the Concerned Items <b>Updated</b>
--

For inside directors, in addition to performance-based remuneration, share-based remuneration system, BTT (Board Benefit Trust), was introduced at the 200th General Shareholder Meeting held on March 28, 2018 for the purpose of promoting efforts to improve performance and increase corporate value over the medium to long term.

Performance based remuneration is set to no more than 1% of consolidated recurring income and also no more than 2% of consolidated profit (profit attributable to owners of the parent) of the previous fiscal year. For share-based remuneration, points in a number that is determined in light of his/her title are granted every fiscal year, and common stock of Tokyo Tatemono translated from the accumulated points are delivered through a trust bank upon his/her retirement.

Recipients of Stock Options	
-----------------------------	--

Supplementary Explanation Regarding the Concerned Items
---

**[Director Remuneration]**

Disclosure of Individual Directors' Remuneration	No Individual Disclosure
--	--------------------------

Supplementary Explanation Regarding the Concerned Items <b>Updated</b>
--

<Supplementary Explanation>

The total amount for all directors is disclosed in securities reports and business reports.

◇ Remuneration for Directors and Audit & Supervisory Board Members (actual amount for fiscal 2018)

Position / Number of recipients / Total amount of remuneration, etc. / Basic remuneration / Performance-based remuneration / Share-based remuneration

Inside directors / 8 / ¥478 million / ¥287 million / ¥155 million / ¥35 million

Audit & supervisory board members (excluding outside audit & supervisory board members) / 2 / ¥52 million / ¥52 million / ¥ - million / ¥ - million

Outside directors, audit & supervisory board members / 6 / ¥39 million / ¥39 million / ¥ - million / ¥ - million

Total / 16 / ¥570 million / ¥379 million / ¥155 million / ¥35 million

Policy on Determining Remuneration Amounts and Calculation Methods	Established
--	-------------

Disclosure of Policy on Determining Remuneration Amounts and Calculation Methods
--

Remuneration for directors is as presented in “[Disclosure Based on the Principles on the Corporate Governance Code] [Principle 3.1]” under “I. Basic Views on Corporate Governance, Capital Structure, Corporate Profile and Other Basic Information.” In addition, remuneration for audit & supervisory board members is limited to basic remuneration based on the role of the full-time and part-time audit & supervisory board members and is set to no more than ¥8 million a month.

### [Supporting System for Outside Directors and Audit & Supervisory Board Members]

As the supporting system for outside directors, the Corporate Planning Department, which acts as a Board of Directors secretariat, provides required explanations and information, etc. as appropriate.

As the supporting system for outside audit & supervisory board members, personnel are assigned as staff of audit & supervisory board members upon request from the Audit & Supervisory Board to smoothly execute auditing duties. In addition, the system is designed to have full-time audit & supervisory board members attend the Board of Directors meetings and important meetings of the Group Management Meeting, receive reports on a periodic basis from the accounting auditor, directors and each department, and enable the exchange of opinions with individual bodies at any time.

### [Retired Presidents/CEOs Holding Advisory Positions]

Information on Retired Presidents/CEOs Holding Advisory Positions Updated

Name	Job Title/ Position	Responsibilities	Employment Terms (full/part time, with/without compensation, etc.)	Date When Former Role as President/ CEO Ended	Term
Makoto Hatanaka	Consultant	Engaged in industry and other outside activities (not involved in management)	Part time With compensation	2012/02/14	Provided in internal rules
Masakatsu Ishii	Senior advisor	Engaged in industry and other outside activities (not involved in management)	Part time Without compensation	1995/03/30	No provisions
Hajime Sakuma	Senior advisor	Engaged in industry and other outside activities (not involved in management)	Part time Without compensation	2019/03/27	No provisions

Number of Retired Presidents/CEOs Holding Advisory Positions Updated

3

Others

New appointment of advisory positions is subject to resolution by the Board of Directors.

## 2. Matters on Functions of Business Execution, Auditing, Oversight, Nomination and Remuneration

### Decisions (Overview of Current Corporate Governance System) Updated

Tokyo Tatemono operates with the following Board of Directors, Audit & Supervisory Board, executive officer system, Group Management Meeting established or adopted for efficient and sound Group management.

[Method of Business Execution, Auditing and Oversight]

#### (1) Board of Directors

There are 12 directors, of which 4 are outside directors.

As a general rule, Tokyo Tatemono holds an ordinary Board of Directors meeting once a month and an extraordinary Board of Directors meeting when necessary to decide on important matters concerning execution of business of Tokyo Tatemono and oversee directors' execution of business. In addition, the Advisory Committee, which was established as the body to deliberate based on request for advice from the Board of Directors with independent outside directors as core members, deliberates on selection of director candidates and representative directors, remuneration for directors other than outside directors, etc. In addition, audit & supervisory board members attend Board of Directors meetings and share opinions when necessary.

#### (2) Audit & Supervisory Board

Tokyo Tatemono is a company with Audit & Supervisory Board. There are four audit & supervisory board members (two full-time audit & supervisory board members), of which two are outside audit & supervisory board members.

There is no special vested interest between Tokyo Tatemono and outside audit & supervisory board members.

(3) Executive Officer system

Tokyo Tatemono has adopted an executive officer system to strengthen management functions and business execution functions, stimulate the Board of Directors and accelerate the decision-making process.

(4) Group Management Meeting

Tokyo Tatemono has established “Group Management Meeting,” the members of which include executive officers with assigned roles, to deliberate on important matters concerning management of Tokyo Tatemono and main consolidated subsidiaries. In addition, full-time audit & supervisory board members attend the Group Management Meeting to grasp the deliberation status, etc. and share opinions when necessary.

[Financial Auditing]

Tokyo Tatemono has entered into an audit agreement with Ernst & Young ShinNihon LLC for audits pursuant to the Companies Act and audits pursuant to the Financial Instruments and Exchange Act. There is no special vested interest between Tokyo Tatemono and said audit corporation or said audit corporation’s engagement partners engaged in the audit of Tokyo Tatemono.

- Name of certified public accountants engaged in audit in the fiscal year under review and name of audit corporation to which he/she belongs

Name, etc. of certified public accountant	Name of audit corporation to which he/she belongs
Designated and Engagement Partner Koichi Yanai	Ernst & Young ShinNihon LLC
Designated and Engagement Partner Mikiya Arai	Ernst & Young ShinNihon LLC

- Composition of persons supporting audit operations  
5 certified public accountants and 14 other persons supporting

### 3. Reasons for Adoption of Current Corporate Governance System

Tokyo Tatemono has adopted an executive officer system to clarify the division of functions for management and business execution and thereby strengthen management/oversight functions and business execution functions. Tokyo Tatemono has also outside directors and outside audit & supervisory board members appointed, etc. to strengthen oversight functions and secure transparency of management. With these and such, Tokyo Tatemono believes that a system is in place that enables management and director monitoring/oversight functions, too, to be fully performed.

### III. Implementation of Measures for Shareholders and Other Stakeholders

#### 1. Measures to Vitalize the General Shareholder Meetings and Smoothly Exercise Voting Rights Updated

	Supplementary Explanations
Early Notification of General Shareholder Meeting	Sent 22 days prior to meeting Disclosed online on the Tokyo Tatemono website and Tokyo Stock Exchange four weeks prior to meeting (Actual result for fiscal 2018)
Scheduling AGMs Avoiding the Peak Day	Held in March
Allowing Electronic Exercise of Voting Rights	Allowed since fiscal 2005
Participation in Electronic Voting Platform and Other Measures to Improve Environment for Exercise of Voting Rights for Institutional Investors	Participation in electronic voting platform for institutional investors since fiscal 2006
Providing Convocation Notice in English (Fully or Partially)	English version of convocation notices (partially) prepared
Other	Convocation notices (in Japanese and English) are posted on the Tokyo Tatemono website

#### 2. IR Activities

	Supplementary Explanations	Explanation by Representative
Regular Investor Briefings for Individual Investors	Held irregularly several times a year	No
Regular Investor Briefings for Analysts and Institutional Investors	Held semi-annually (February and August)	Yes
Regular Investor Briefings for Overseas Investors	IR activities are implemented three to four times a year, mainly North America, Europe and Asia	Yes
Posting of IR Materials on Website	[URL] <a href="https://www.tatemono.com/ir/">https://www.tatemono.com/ir/</a> [Posted information] Financial information, timely disclosure materials, annual and quarterly securities reports, notices of convocation of general meeting of shareholders, etc.	
Establishment of Department and/or Manager in Charge of IR	[Department in charge] Corporate Communications Department [Director in charge of IR] Katsuhito Ozawa, Director & Managing Executive Officer & Chief Financial Officer [Contact] Yoshio Goto, General Manager of Corporate Communications Department	

### 3. Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanations
Stipulation of Internal Rules for Respecting the Position of Stakeholders	Tokyo Tatemono provides in “Compliance Rules” that management shall be executed in a fair and sincere manner based on compliance in order to earn the trust of the stakeholders of Tokyo Tatemono and thereby maintain and enhance corporate value.
Implementation of Environmental Activities, CSR Activities etc.	The Tokyo Tatemono Group promotes CSR activities with the four themes of “Safety and Security,” “Environment,” “Responding to Social Changes” and “Community Involvement” based on the corporate philosophy and corporate stance in view of realizing city building that “contributes to the future of the city.” In the promotion of CSR, the Corporate Communications Department acts as the secretariat under the direction of the president and cooperates with the Corporate Planning Department, Personnel Department and General Affairs Department in all of the Group initiatives. In addition, a report outlining the CSR activities is issued every year.
Development of Policies on Information Provision to Stakeholders	With proactive, appropriate and impartial provision of information to stakeholders set as a basic policy of corporate governance, Tokyo Tatemono will continue to strive for information disclosure stipulated in laws and regulations as well as even greater information disclosure to ensure that stakeholders have an accurate and prompt grasp of Tokyo Tatemono’s business content.

## IV. Matters Related to the Internal Control System

### 1. Basic Views on Internal Control System and the Progress of System Development Updated

Along with setting the corporate philosophy of “Trust beyond the era” and earning the trust of customers as the basis for conduct of all directors and employees, Tokyo Tatemono has developed a system to secure business integrity (hereinafter, “internal controls”) and works to have such functioning thoroughly and widely.

#### 1. System to Ensure Directors’ and Employees’ Execution of Duties in Compliance with Laws, Regulations and Articles of Incorporation

- (1) Directors and employees execute operations in a sincere manner with thorough compliance based on “Compliance Rules.”
- (2) The Internal Control Committee, the General Affairs Department and the Internal Audit Department strive to develop a compliance system and grasp issues based on “Compliance Rules” and “Rules on Reports of Wrongful Acts, Etc.”
- (3) If any compliance issues are found, directors and employees report such promptly to the Internal Audit Department or other contact points designated by Tokyo Tatemono. Tokyo Tatemono takes measures to correct them and measures to prevent recurrence based on the survey conducted by the Internal Audit Department upon receiving the report.
- (4) The Internal Control Committee reports to the Board of Directors and Audit & Supervisory Board of compliance system development, management status, improvement, etc. when necessary.

#### 2. Matters Concerning Keeping and Managing Information on Directors’ Execution of Duties

Tokyo Tatemono keeps documents (including electronic records) pertaining to directors’ execution of duties and other important information in the prescribed place of storage for the stipulated period based on “Document Management Rules” and “Information Management Rules.”

#### 3. Rules and Other System for Management of Risks of Loss

- (1) Tokyo Tatemono has departments in charge of management of risks each continuously monitor risks and the Corporate Planning Department set as the department in charge of risk management overall to carry out overall management of the risks company-wide based on “Risk Management Rules” that provide the basis for the risk management system.
- (2) Based on the Basic Plan of Earthquake Measures, Tokyo Tatemono develops a system to confirm safety of directors and employees and to swiftly and adequately execute duties for business continuation upon occurrence of an earthquake.
- (3) The Corporate Planning Department develops a system for appropriate information communication and risk management depending on the assumed risks, and the General Affairs Department supports the Corporate Planning Department when concerning risks attributable to the internal management system.
- (4) The Internal Control Committee carries out company-wide promotion and information sharing of internal control risks (internal management risks and compliance risks).
- (5) The Internal Audit Department audits each department’s everyday risk management status and reports the findings to the director in charge of the Internal Audit Division, representative directors, audit & supervisory board members, the General Affairs Department and the Corporate Planning Department on a periodic basis.

#### 4. System to Ensure Directors’ Execution of Duties in an Efficient Manner

- (1) Tokyo Tatemono adopts an executive officer system to strengthen management functions and business execution functions, stimulate the Board of Directors and accelerate the decision-making process.
- (2) Tokyo Tatemono strives to secure efficiency of directors’ duties by clarifying each department’s operations and authority based on “Organization Rules” and “Duty Authorization Rules.”
- (3) Directors develop an efficient business execution system based on the business plan decided by the Board of Directors. In addition, business plans and profit plans are formulated every fiscal year, taking proper allocation of managerial resources and other factors into consideration, and decided by the Board of Directors.
- (4) The Board of Directors receives reports of the status of achievement of targets of each department on a periodic basis, based on which it revises targets and decides on improvements for greater efficiency of the business execution system when necessary.



5. System to Ensure Business Integrity of Corporate Group Comprising Tokyo Tatemono and its Subsidiaries
  - (1) Tokyo Tatemono develops a system for Group companies' directors and employees to execute operations in a sincere manner with thorough compliance based on "Group Compliance Charter" and "Group Compliance Manual."
  - (2) Based on the Financial Instruments and Exchange Act, Tokyo Tatemono develops a system that ensures appropriateness of financial reporting by establishing a basic policy for financial reporting to ensure appropriateness of financial reporting in the Group.
  - (3) As the departments in charge of internal control of Group companies overall, Tokyo Tatemono's General Affairs Department and Corporate Planning Department develops a system for efficient internal control discussions, information sharing, communication of instructions and requests, etc. among Tokyo Tatemono and Group companies aimed at developing internal controls at Tokyo Tatemono and Group companies.
  - (4) Tokyo Tatemono's directors develop an efficient Group business execution system based on the business plan decided by the Board of Directors. In addition, Group companies' business plans and profit plans are monitored every fiscal year and reported to the Board of Directors.
  - (5) Tokyo Tatemono develops a system to verify business integrity, such as seeking Group companies' directors, and employees to report on status of their execution of duties on a periodic basis through such means as dispatching Tokyo Tatemono's directors etc. to Group companies.
  - (6) Tokyo Tatemono's Internal Audit Department implements internal audits of Group companies and reports the findings to the director in charge of Tokyo Tatemono's Internal Audit Department, representative directors, audit & supervisory board members, General Affairs Department and Corporate Planning Department as well as Group companies' presidents on a periodic basis. Tokyo Tatemono's the General Affairs and Compliance Department and Corporate Planning Department instruct on internal control improvements and supports and advises on the implementation thereof when necessary.
  
6. If Audit & Supervisory Board Seeks Assignment of Employees to Support the Audit & Supervisory Board's Duties, the System for Such Employees
  - (1) Tokyo Tatemono assigns personnel as staff of audit & supervisory board upon request from the Audit & Supervisory Board to smoothly execute the auditing duties.
  - (2) The audit & supervisory board staff given required orders for the auditing duties from audit & supervisory board members are not subject to the directions or orders of directors, the General Manager of the Internal Audit Department, etc. concerning those orders.
  - (3) Even if the audit & supervisory board staff concurrently serves other departments, the operations as audit & supervisory board staff take priority, and Tokyo Tatemono is required to obtain the prior consent of full-time audit & supervisory board members to make personnel changes to audit & supervisory board staff.
  
7. System for Reporting, etc. to Audit & Supervisory Board
  - (1) Tokyo Tatemono secures the attendance of audit & supervisory board members at the Board of Directors meetings and the Group Management Meeting. In addition, directors, the Internal Audit Department and the Internal Control Committee promptly report the following matters concerning Tokyo Tatemono and Group companies to audit & supervisory board members.
    - (Directors)
    - Matters that may have critical impact
    - (Internal Audit Department)
    - Status of internal audits
    - Status of reports of wrongful acts, etc. and content thereof
    - (Internal Control Committee)
    - Important internal management and compliance matters
  - (2) Tokyo Tatemono develops a system to ensure that persons reporting wrongful acts, etc. to audit & supervisory board members are not unfairly treated for reasons of reporting.
  
8. Other Systems to Ensure Effective Auditing
  - (1) When requested by audit & supervisory board members for advance payment, redemption, etc. of expenses arising from the audit & supervisory board members' execution of duties, Tokyo Tatemono promptly processes those expenses or obligations unless otherwise found to be unnecessary to the concerned audit & supervisory board members' execution of duties.

- (2) Tokyo Tatemono develops a system for audit & supervisory board members to receive reports on a periodic basis from the accounting auditor, directors and each department, and exchange opinions with individual bodies at any time.

## 2. Basic Views on Eliminating Anti-Social Forces

Tokyo Tatemono takes a firm stance to have no relationship with anti-social forces that threaten the order and safety of civil society. In addition, if unjust demands, cases, etc. arise with anti-social forces, the General Affairs Department is set as the department for handling such matters with the cooperation of also police and other related bodies.

## V. Other

### 1. Adoption of Anti-Takeover Measures

Adoption of Anti-Takeover Measures	Not Adopted
------------------------------------	-------------

Supplementary Explanation

### 2. Other Matters Concerning Corporate Governance System Updated

