

Foundations Supporting Our Sustainable Growth

Creating the Future Together with Outside Directors

**Makoto Kaiami**

Outside Director
(Independent Officer)

Worked as a judge at district courts in Tokyo, Hiroshima, etc., family courts, and the high court. Retiring from the courts after experience as a chief judge at the Tokyo District Court and others, he became a registered lawyer. He became an outside director in 2018.

Koichi Iki

Outside Director
(Independent Officer)

Worked as an executive vice president, working in real estate development, personnel, and more at The Dai-ichi Life Insurance Company. After resigning and working at asset management and other companies, he took on his current role in 2014.

Saeko Arai

Outside Director
(Independent Officer)

Worked as a certified public accountant on audits and more. Later, she became a co-founder of an IT company, becoming Japan's first female CFO, and also had experience in management at an American corporation. She became an outside director in 2018.

Michiaki Ogasawara

Outside Director
(Independent Officer)

Worked in information and communication administration, etc., at the Ministry of Internal Affairs and Communications, taking on the role of Vice-Minister for Internal Affairs and Communications in 2012. During his tenure there, he oversaw the restructuring of NTT, the digitalization of broadcasts, and more. After leaving the Ministry, he worked as a director, etc., at a stock brokerage group before assuming the role of outside director in 2019.

The August 21 outside director roundtable talk was held online due to the COVID-19 pandemic. In this session, our outside directors energetically participated in a long discussion, expressing their hopes for the Group's future and presenting problems. They also provided frank opinions and recommendations in their role as outside directors.

Board of Directors during the COVID-19 Pandemic

Iki We, the outside directors, participated in the Board of Directors' meetings via the internet due to the COVID-19 pandemic. It is different from meeting face-to-face, but I felt that each time I participated in a meeting, I got more used to it. I hope that our communications continue to evolve as we adapt to the realities of the situation.

Ogasawara Before the pandemic, there were already opportunities to receive explanations of agenda items submitted to the Board of Directors prior to meetings. Now we also receive reports about the evolving COVID-19 situation. Through these efforts, the Company strives to share information with us, which is praiseworthy.

Arai I think that online meetings are an effective means of communication in the digital era, although we need to make the big adjustment to communicating only through voice and a limited amount of visual information.

Kaiami Online communication has its own benefits. It can be used in emergencies. I think, however, that people who wish to participate in the meeting in person could be allowed to now, because the Company's infection control measures seem to be highly reliable.

Arai It is true that, as far as discussion is concerned, the division between online and offline teams creates inconvenience for us in a way. I also think that comments made by directors during board meetings decreased when held online.

Iki While many other companies are increasing opportunities to exchange opinions, our inside directors do not make many statements about topics outside of the fields they are in charge of. I think that there may be interactions which are different from those in the Executive Committee meetings.

Kaiami It is a problem that few opinions are expressed at Board of Directors' meetings because the agenda items have been thoroughly discussed at the Executive Committee meetings, but this same problem exists at other companies as well. If inside directors were to express their slightly different, if not opposing, opinion, it would facilitate discussion for outside directors.

Arai Exactly. This would increase the opportunities for outside directors to monitor directors. Some companies create opportunities for discussion separately from Board of Directors' meetings.

Iki I think that if the ratio of outside directors is increased, oversight will be increased and discussions during the Board of Directors' meetings will be more active. We need to continue to think about this.

Round-table talks by outside directors

Roles of the Group as a Part of Social Infrastructure

Ogasawara The COVID-19 pandemic continues to impact every aspect of society, and many people in the Group are involved in work that is essential to the roles of the Company as an essential piece of social infrastructure. I would like to express my respect for these people, who continue to work hard to execute businesses in the current tough conditions.

Kaiami I agree with you. I think attention should be paid to the Group's businesses that address social issues, including renewable energy, logistics facilities, and senior housing. I think that these businesses also secure profitability. On the other hand, there are some Group businesses that leave something to be desired. I would like to have specific discussions about them with the directors.

Makoto Kaiami: He has a wealth of legal expertise and practical experience as a legal professional. Mainly, his strength is making recommendations about governance and compliance.



Ogasawara Compared to other comprehensive developers, the Group has an extremely wide business domains, which can be both positive and negative. The Group is affected by COVID-19 more greatly than other companies, partly because it operates a large number of facilities in the Wellness business and other businesses.

Iki Facility operation, a distinctive feature of the Group, is an extremely labor-intensive business. If current work styles are left unchanged, the profitability of this business will not improve, and the Group may be required to withdraw from the market in the near future. The people involved in the operation of facilities of course understand that their ability to adopt technological innovations will determine their ability to succeed. This process also involves digital transformation (DX). It is necessary to adopt new technologies, change styles, and transform the business into one that is less labor intensive. The key lies in how quickly they proceed with this process.

Ogasawara To advance DX, it is important to make thorough use of technologies to provide optimal services to customers. This requires flexibility and imagination, which is different than before. In addition, to make maximum use of new technologies, it is important to consider the profit of the Company as a whole, beyond the profits and losses of the individual divisions. It is also necessary for top management to have a strong will to follow through and to build a system that supports the ideas of staff members. I request that they proceed boldly with this.

Increasing Speed as the Key to DX

Arai The DX that you mentioned is an important theme for aggressive governance. Because our competitors are hesitating in this field, it may be a great opportunity if we act quickly. As is apparent from the initiative in Takeshiba, creative measures are devised skillfully within individual projects of the Group. However, the Group's overall strategy is still an issue. To provide services efficiently, we need to consider both profit and service quality. I think that we should continue to suggest new lifestyles that take advantage of DX to society.

Iki In the United States, PropTech has made progress. For example, there are an increasing number of companies which have their real estate agents accompany salespeople remotely via a website in all of their sales activities. Changes have begun to be seen in facility operation and the real-estate sales agent business. Many of these changes must be reflected in the Group's DX strategy. I think that we need to thoroughly review the strategy again, to decide how to build a system to promote DX and a schedule to for proceeding with the transformation. Of course, various external and internal collaborations will be necessary. I request that a specific plan be presented.

Kaiami Hereafter, DX will be an extremely important strategy. I request that the management staff and executives take on this challenge aggressively and boldly. I request that they maintain an aggressive stance and do not hesitate because we can step in and stop if we see some issue.

Expecting the Transformation as a Holding Company

Arai If we break down the ROE, we see that Japan is behind other countries in the securing of a sufficient profit margin. The nature of the Japanese people, who believe that it is not good to make too much profit when others are unable to, is reinforced further by the important perspectives of CSR and ESG investment. However, to be sustainable, a company must earn sufficient profit margins. I think that the content of individual businesses and projects should be scrutinized using common reliable indicators that we should develop for each business.

Saeko Arai: She has practical experience at an IT company and global knowledge on management. She maintains a flexible perspective and is involved in the Company's management with a view toward business strategies that are adapted to the DX era.



Ogasawara As a holding company, it is important to compare the Group's businesses from the viewpoint of ROE and profitability and

reconfirm the social significance of each business from a contemporary viewpoint. In addition, while environmental considerations are called for globally, the pursuit of the eco-friendliness, safety, and security of the properties offered by the Group and the renewable energy business are believed to be more important than ever. I am sure that activities to fulfill these expectations that society has of the Group will improve the value of the Group.

Michiaki Ogasawara: He has a wealth of practical experience as a government administrator involved in information and telecommunications. He gives business management advice that reflects his awareness of solutions for social issues and the roles people and companies have in society.



Iki As a holding company, we need play a role in considering the business portfolio of the Group. In the face of numerous issues, including of course COVID-19, but also the super-aging society and the decrease of the working-age population, we must seriously consider our business portfolio based on the issues we project for five and ten years into the future. We should look at the current figures, as well as the macro environment, predict the shape that society will take on in the future, and think from a multilateral perspective. These are tasks that the Company should work on.

Arai I think that the time has come to review, once again, the overall Group's culture, climate, missions, and other elements as we consider the business portfolio as well. If we are too preoccupied with the idea of urban development, it will remain difficult for us to sort out and organize what we have, because of our adherence to the legacy of the past. We may need to undertake a fundamental review.

Kaiami I think that we should be uncompromising about our policy of solving social issues through our business activities, which is

a good point of the Group. However, I ask that executives create initiatives that they can continue to implement while securing a profit. I request that they proceed boldly with these initiatives. We, outside directors, will proactively support the Group by understanding activities such as aggressive governance.

Arai If DX is aggressive governance, defensive governance is the motivation and ethics of our workers. Increasing their motivation, improving their ethical actions, and instilling a corporate culture in them are essential for the development of our business. What I feel from my external perspective is that employees are making great efforts, and they are devising creative measures for IT. I would like to continue fulfilling my duties as an outside director by considering the Group's role in society.

Ogasawara The Group operates a broad range of businesses, so risk management is very important. Identifying risks in existing business domains and thoroughly considering the appropriateness of new investment projects at each level of management will remain important. As an outside director, I would like to aid the making of appropriate business decisions.

Iki As an outside director, I would like to continue carefully supervising and watching how Tokyu Fudosan Holdings Corporation will face the Group companies. In 2023, the Company will celebrate its 10th anniversary and TOKYU LAND CORPORATION will mark its 70th anniversary. I want to see Tokyu Fudosan Holdings Corporation achieve its transformation by then, by promoting businesses from a long-term perspective. This is what I wish.

Koichi Iki: Leveraging his experience in real estate development, personnel affairs, and other operations, he proactively makes recommendations related to management. Of the Company's current outside directors, his tenure has been the longest.



Response to the Messages from the Outside Directors

Due to the COVID-19 pandemic, the era we are now living in is an era of VUCA. In this rapidly changing environment, I am made aware again of the significance of the existence of the Group, and strongly feel our responsibilities as an entity supporting the infrastructure of society. As a leader of the pure holding company, I will stay oriented on the future and pursue the transformation of Tokyu Fudosan Holdings Corporation by working on the review of our business portfolio and the promotion of DX, both issues that were pointed out, and other initiatives, from the perspective of the total optimization of the Group.

Hironori Nishikawa President and Representative Director

