

## Transitioning to the resilience phase in order to achieve our vision for 2030

Each of our outside directors has his or her own fields of expertise and in-depth knowledge in differing fields. We asked them to engage in a frank and open exchange of opinions and discuss such topics as their appraisal of the medium-term management plans and our long-term vision, as well as their expectations and perceived challenges regarding the same. A transcription of their discussion is shared below.



### Satoshi Miura

Outside Director

Mr. Miura's career has encompassed key positions in the NTT Group, including President of Nippon Telegraph and Telephone Corporation, as well as Vice Chair of Nippon Keidanren (Japan Business Federation). As someone experienced in the management of a holding company, he has a wealth of insight. He was appointed an outside director in 2021.

### Tsuguhiko Hoshino

Outside Director

After joining the Ministry of Finance, Mr. Hoshino was involved in the establishment of the Financial Services Agency and later served as Director General of the Tax Bureau and Commissioner of the National Tax Agency. He was appointed an outside director in 2021.

### Yumiko Jozuka

Outside Director

Ms. Jozuka has specialized knowledge from her extensive career as a government official in the Japanese Ministry of Health, Labor and Welfare and the Cabinet Office, where she focused on promoting workstyle reform and women's participation in the labor force. She was appointed an outside director in 2021.

### Makoto Kaiami

Outside Director

Mr. Kaiami has abundant knowledge and experience in the field of compliance. His career has included positions as Associate Vice-Minister of Justice in charge of Litigation Affairs, Minister's Secretariat, Ministry of Justice; Chief Judge, Tokyo Family Court; and Chief Judge, Tokyo District Court. He was appointed an outside director in 2018.

Appraisal of the medium-term management plan

### The achievement of financial targets two years ahead of schedule and the transition to the resilience phase with an eye on 2030

—We have set forth GROUP VISION 2030 as our ideal vision for the future and have positioned medium-term management plan 2025 as part of our restructuring phase to transform our businesses. What is your appraisal of our progress?

**Kaiami** It all started with the divestment of the Company's shares of Tokyu Hands in March 2022. Even I, as an outsider, was deeply attached to Tokyu Hands, and the decision to transfer ownership outside the Group must have felt like deciding to cut off a part of oneself to the executive team. The fact that the Company was able to carry out this decision and make significant progress in the restructuring process has played a major role in its subsequent business development. And the Company's achievement of its financial targets for the medium-term management plan two years ahead of schedule was, in addition to the favorable business environment, due largely to the decisive action taken in restructuring its business portfolio.

**Hoshino** I agree with Mr. Kaiami. I believe the Company's approach of evaluating all its businesses along qualitative and quantitative axes using objective common indicators provided a solid basis for decision making and helped it in drastically reorganizing. I'd also like to note that we outside directors shared the executive team's

desire to find buyers for the Group companies that were sold based on each one's function and role as well as the hopes and expectations of the people working for it, and we were right there beside them in the process of agonizing over and making the final decisions.

The Company will next make the transition to its planned resilience phase, and it is a real advantage having more time to implement various measures by the deadline of 2030 thanks to the early achievement of the medium-term management plan's targets.

**Miura** The sale of Tokyu Hands, Tokyu Sports Oasis, and Tokyu Plaza Ginza, and the progress made in transforming the Company's portfolio have undoubtedly contributed to its current results. These moves were not conducted simply from the standpoint of cost and efficiency but also with heavy consideration given to the working conditions of the employees. Personally, I was somewhat concerned that the Company might move too fast in its selling off of the Group companies and I worried about the treatment of the employees, but I credit President Nishikawa's leadership in ensuring that these issues were resolved during the negotiations with the buyers.

**Jozuka** Agreed. The Board of Directors was fully briefed on considerations for the employees such as working conditions and their continued employment, and I am glad that everything went smoothly. The Board is routinely briefed on the status, risks, and advantages of each business, and even as an outside member the materials are easy to understand. I feel this helps the Board of Directors to push for change.

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**Kaiami** Good business partners were found for both Tokyu Hands and Tokyu Sports Oasis, partners who understand the potential and sentiments of these businesses. I am impressed that after the decision was made to sell them off, the negotiations were carried out with such care despite the short time frame.

### The next medium-term management plan

#### Accurately identifying risks and opportunities to make the most of the Group's strengths

—When considering and formulating the next medium-term management plan, what are some environmental changes and risks that the Company should pay particular attention to?

**Miura** Looking back at how cost structure was viewed in corporate management when I was younger, a lot of weight was placed on financial costs such as interest on borrowings. This was especially true for investment businesses. Japan's prolonged zero-interest-rate policy resulted in a reduction in the fear of interest rates and thus by extension financial

costs. Now, however, I believe we are once again at a point in the real estate industry where attention needs to be paid to interest rates. The interconnection between foreign exchange rates and interest rate differentials also has the potential to affect the business environment and the competitive landscape. Although real estate prices are soaring now due to the strength of overseas investment and the growth of high-net-worth individuals in Japan, what will happen with things like interest rates, plus how the situation of income inequality will translate into future changes in demand, should be viewed as major risks.

**Kaiami** I believe that, to achieve business development that is sustainable in the long term, the Company should aim not only to expand business revenues targeting the increasing number of wealthy people, but also place importance on business oriented toward the middle class. This is the point I would like to raise as an outside director, and I believe that it is something the public desires to see the Group do as well.

**Jozuka** From the perspective of human capitals, which is my area of expertise, I am concerned about labor shortages, a risk that has already manifested itself. This is of course a challenge for the Group as well, and it could face rising costs due to a shortage of construction workers. The Group must utilize DX to reduce the need for labor as much as possible, and at the same time take measures to secure the human resources it requires. And a shortage of labor isn't just a problem of rising costs but can also lead to accidents and

insufficient quality control. In real estate and construction, ensuring that things are built safely and properly is the most basic thing of all. This is a very big risk, and it is important that the Company eliminate it by making sure it has the necessary human resources.

**Hoshino** Where there is a change in monetary policy, the risks associated with investment naturally increase, but regardless of how difficult, they must be controlled. I believe that the Company's current risk management system provides a secure foundation, so now I think the most important thing for management is to continue to evaluate and improve this system.

In terms of risk response, there are two other things to consider besides the economic aspects. The first is that the Company must increase its resilience. It is vital that the Company respond and adapt to climate change and natural disasters. The second is compliance risk. The Company needs to create an open work environment with systems in place to ensure that employees are able to speak up when they need help, and to ensure the safety of those who do. And this includes messaging by the Company's leaders.

**Kaiami** That is a very important point. In my experience, when problems arise in a company and they are not voiced to upper management, there is an underlying issue of power harassment. While I believe that things as they are now make the possibility of power harassment in the Group low, we must consider that it can occur in any workplace. When employees are hesitant to speak up,

problems become more serious. It is important to create an environment which ensures the psychological safety of employees and in which they feel comfortable discussing issues with their colleagues and superiors. And we outside directors will also be focusing on the creation of such an environment.

—“Strengthening the competitiveness of international cities” is being considered as a key theme for the next medium-term management plan. What are your thoughts on this?

**Hoshino** The next medium-term management plan is part of the Company's planned resilience phase, and how the Group leverages its strengths and management resources will be key. In aiming to develop the Greater Shibuya Area, I think “strengthening the competitiveness of international cities” is a very good theme indeed. In order to strengthen Shibuya's international competitiveness, the Company will present new value so that people will choose Shibuya as a place to work, play, and live. To achieve this, it is important to enhance the customer experience (CX) by leveraging Company strengths such as expertise in mixed-use developments, creating



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unique facilities, and area management. The Greater Shibuya area is one of the first places IOWN is being introduced in, and this technology can be used to identify needs at the individual level in real time as well as for participatory town planning and area management. I want to see the Company be even more creative and inventive in the future, adding even greater value to Shibuya.

**Jozuka** One of the Greater Shibuya Area's advantages is that it is brimming with youthful energy. It is home to start-ups and IT and digital companies that are leading the way to a new age. With the Group's focus on the use of digital technology, I believe that Shibuya's communication potential can be further enhanced through collaboration with a wide variety of such companies. Shibuya also has a lot of greenery for a central Tokyo area, such as Yoyogi Park. I would like to see the Company strengthen its environmental communication and appeal, such as promoting the fact that it was the first real estate company in Japan to release a TNFD report.\*

\*A report created in line with the recommendations of the Taskforce on Nature-related Financial Disclosures (TNFD).



—What are your thoughts on the other key theme under consideration, “creating added value utilizing regional resources?”

**Kaiami** The first thing that comes to mind is the Town Planning in NISEKO Area project. Under this project, the area is being developed as a resort together with the government, local companies, and community residents. It's a good example of regional revitalization and social contribution. I would like to see the Company engage in more efforts like this in other areas.

**Jozuka** I visited Niseko myself, and I think it is a wonderful success story. The resort facilities and the town are integrated, creating something really attractive and producing an atmosphere that makes it feel like you are somewhere outside Japan. I personally love to travel and often go abroad. Resorts in other Asian countries such as Bali, for example, offer a wide variety of cultural experiences that allow visitors to immerse themselves in the local cuisine and way of life. I would like to see this project focus on drawing out local resources and providing value-added experiences to avoid the case often seen in Japanese resorts where only facilities are provided and the number of experiences is limited. Doing this will make sure visitors enjoy themselves even more.

**Hoshino** Japan has long faced an overconcentration of its population in Tokyo, and a decentralized society is an answer to this issue. This requires each region to be self-reliant by having a core industry, such as tourism in the case of Niseko. It is also necessary to create regional systems of energy distribution, logistics, a local economy, and so on.

In other words, area management is vital. The Group has the knowhow for this, and I think participating in the revitalization of different regions is a good direction for the Company. In terms of business portfolio diversification, as well, focusing on other regions is an extremely good idea.

**Miura** Regional revitalization requires close relationships with the government and the local community, as well as stronger cooperation with other companies. And focusing on the unique appeals of various regions also ties into tourism and regional conservation. I believe that taking this awareness and compounding it with what the Group is trying to do will lead to growth. Mr. Hoshino mentioned area management as part of urban development earlier, and I think it would be good if the Company were to look at tourism from the perspective of larger areas extending beyond the unit of individual prefectures, expanding its urban development along that line of thinking. It is important for the Group to consider what it can do and what role it can play in the revitalization of areas as a whole. Think, for example, of tours in Tohoku



that take participants to the four largest festivals in the region.

Achieving Our Vision for 2030

### Taking concrete measures to link long-term management policies with human capital strategies

—GROUP VISION 2030, the Group's long-term vision, also emphasizes human capital strategies. What kind of initiatives to you believe are necessary in this area?

**Jozuka** The Group has established three human capital strategies: develop people who create value, develop organizations with diversity and a sense of unity, and enhance motivation to work and foster an employee-friendly work culture. In doing so, it has made clear within the Group its stance with regard to its human capital strategies and has brought a sense of unity to the promotion of specific measures. Going forward, it will be important to monitor the progress of each Group company, and I would like to see more information gathered and shared toward this end.

The Group's long-term management policy aims to expand earnings by creating unique value through environmental management and DX. In value creation, diversity is essential to generate new ideas and innovation. As the Company transitions to next medium-term management plan and the resilience phase, I hope that the promotion of diversity will be firmly addressed.

**Miura** I believe the Company should diversify its hiring practices. The Group encompasses

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a wide variety of companies, and naturally, the nature of the work that goes on in these companies differs, as does the treatment of their employees, making it difficult to lump them all together. Even so, however, it is my view that there should be an inter-company recruitment system spanning the entire Group. Further, even with regard to the hiring of new graduates, the types of majors the Company targets should be expanded and diversified, as should the types of jobs made available. Another possibility is recruitment which gives thought to women's success in the workplace. In the future, I think it will be necessary to have human resources who possess specialized skills and who can work as professionals in specific fields, but who are also generalists to some extent. As such, I feel it is also important for the Group to review its recruitment system in order to cultivate such human resources.

**Hoshino** The Company is currently trying to bring out the creativity and ingenuity of its employees across the organization through specific initiatives. For example, the Company has established an internal venture system called STEP in an effort to foster a climate of innovation. There is also the Sustainable Action Awards, an awards program which recognizes business activities which provide solutions to social issues. Initiatives such as these enable employees to recognize anew the significance of the work they do by linking it to the value that the Group provides to its customers. From the perspective of human resources development, I see this as a very good idea.

—Lastly, what are your future aspirations as an outside director?

**Jozuka** From a human capital perspective, I believe that the Group's commitment to LGBTQ+ is progressive and I would like to see it become more prevalent among employees. In 2024, the first woman whose entire career has been with the Company was appointed to the position of auditor, but that's still only one. Going forward, I would like to provide any support I can to help women play a more active role in the Company, and I would also like to monitor the progress of initiatives at each Group company and offer my advice.

**Hoshino** Despite being a private enterprise, the Company's slogan embodies a very public-oriented ideal: "A future where everyone can be themselves and shine brightly." I see this as expressing the Company's pride in the responsibility it bears for social infrastructure, but realizing this ideal, including with area management, requires co-creation and alliances with the government and with companies in various fields. As an outside director, I would like to closely monitor the executive side of the company while utilizing my experience as a government official and my expertise in building relationships in diverse sectors.

**Miura** As an issue to be addressed in the future, since the Group has adopted a holding company system, I would like to see the Company promote the dual-track personnel promotion system even more than it does now. I believe that Tokyu Fudosan Holdings will be able to create synergy effects by serving as an

example for other Group companies in areas such as human resource policies, leading to the creation of a truly diverse organization. In this regard, I think it is a very good thing that the Group's main companies are on the board of directors of the holding company. I would like to see interaction and exchange between personnel within the Group expand not only at the management level but also at lower levels. As for my aspirations for myself, I have been a corporate employee for nearly 60 years and have made many mistakes in my work. I hope to be of service by sharing the experiences I have gained through my failures and reflections.

**Kaiami** I feel the same, and I believe that human interaction and the ability to freely and openly express opinions in a workplace consisting of people with diverse backgrounds leads to the creation of new ideas.

From the perspective of my areas of expertise in legal affairs and compliance, I want to focus on ensuring psychological safety to create such a workplace. I have participated in several third-party committees that investigate corporate scandals, and the trend I have seen in such companies is that the managers did not fully grasp the situation on the ground. Learning from the cases of other companies, I would like to encourage the Company's management team to take the initiative in protecting psychological safety, and to advise them to promote the creation of a workplace that allows the free exchange of opinions and the sharing of ideas.

### Message from the Newly Appointed Outside Director



**Akiko Uno**  
Outside Director

Through her work and her duties as a full-time Audit & Supervisory Board Member at Shiseido Co., Ltd., Ms. Uno has abundant knowledge and experience in the fields of risk management, human resources development, labor affairs, and digital transformation. She was appointed an outside director in 2024.

My impression of Tokyu Fudosan Holdings is that it is a company that takes on the challenge of creating new communities for the future, such as its redevelopment of Shibuya. When I assumed the position of outside director, I was again impressed by the Company's proactive efforts to solve social issues such as environmental friendliness and respect for diversity, as well as its stance of aiming for sustainable growth in real estate, a sector in which value over the long term is demanded. Looking ahead to the next 50 to 100 years, I expect Tokyu Fudosan Holdings to create unique strategies for increasing its corporate value and to realize them one by one.

My career includes working for a cosmetics company, a business that needs to deliver safety while also catering to customer preferences. I was in charge of governance as well as listening to global stakeholders and creating systems to reflect what they had to say in corporate activities. Through this experience, I cultivated knowledge of a diverse range of stakeholder perspectives, and I hope to contribute to further strengthening the Company's decision-making process by incorporating these perspectives. I will play my part in upholding the social responsibility of Tokyu Fudosan Holdings and contribute to the creation of a sustainable society.