Process for Value Creation

While addressing key social themes, we continue to deliver high added value businesses and services through a business ecosystem that enhances our competitive advantages and enables us to fully demonstrate synergies. This includes synergies between the broad customer/market contact points that are the source of the Group's strength and which generate huge volumes of information through a wide variety of customer interactions, and our unique business creation ability through which we generate difficult to imitate businesses that combine diverse elements.

Important themes for the Group

Societal themes p.26

Strengthening international intercity competitiveness
Realization of GX
Tourism oriented country / regional revitalization

Engagement themes (materialities) p.22

- Create a variety of lifestyles
- Create communities and lifestyles that encourage well-being
- Create a sustainable environment
- Create value in the digital era
- Create an organizational climate under which diverse human capital is enlivened
- Create governance to accelerate growth

SUSTAINABLE DEVELOPMENT GOALS

Group policy × Business policy

Group policy: Environmental management | DX

×

Business policy: Utilization of intellectual assets | Co-creation with partners

Business eco system supporting value creation

Positive cycle that continues to heighten competitive advantages

Broad customer/market contact points

- Distinctive business domains, including Greater Shibuya Area and renewable energy
- Diverse contact points with real estate investment and financing partners
- Industry-leading track record in condominium, building, and facility management
- Continual customer contact points through the hotel and resort business
- Industry-leading brokerage track record
- Rental housing service leading in each domain

Group value chain

p.58

- Urban Development
- Strategic Investment
- Property Management & Operation
- Real Estate Agents

Unique business creation ability

- Ability to plan progressive projects utilizing broad business domains and knowledge of environmental management
- Ability to plan high-quality products and services to meet the needs of inbound and wealthy customers
- Flexibility to maximize information value and ability to make sophisticated proposals

Allocation of financial/non-financial capital p.20

Foundation supporting value creation p.67

Financial capital | Human capital and organizational climate | Governance

Challenge-oriented DNA, our founding spirit

Our Ideal vision

Realizing a future where everyone can be themselves and shine vigorously

The values we are striving to create

Creating premium value that addresses societal themes

Experience value

Closely aligned with the individual, we will realize vibrant lifestyles through gratifying experiences

Local value

Collaborating with our partners and government agencies, we will elevate local appeal to community enrichment

Environmental value

We will carry out environmental management into the future by establishing both businesses and solutions to environmental issues

We will enhance the satisfaction of all stakeholders and realize a better future by creating premium value for customers and society through our business.

Corporate value = Sum total of the levels of satisfaction of all of our stakeholders

We will work to enhance corporate value by expanding the scope of the satisfaction we provide to all stakeholders.

Customers

We will realize enriching and convenient lifestyles by facilitating the seamless use of a wide range of Group services in accordance with the diverse lifestyles and life stages of individual customers.

Shareholders and investors

We will establish a position as an attractive investment destination for investors who focus on ESG and impact analysis by enhancing medium- to long-term corporate value.

Group employees

We will cultivate highly productive human resources who can contribute to wider society by establishing environments that enable employees to maintain their physical and mental health while working with motivation and aspirations.

Local communities

We will contribute to regional revitalization and resilient, sustainable urban development through the creation of cities and communities that are resistant to disasters and in harmony with the environment.

Business partners

We will contribute to the creation of a sustainable society through our entire supply chain by supporting the growth of not only Group companies, but also our partners.

Enhancing Financial and Non-Financial Capital

The Group is working to maintain and improve its sound financial position while investing in non-financial capital connected to enhancing its unique business creation ability and expanding its broad customer and market contact points.

	Category	Importance of capital	Characteristics of the Group's capital	Initiatives to enhance capital
Internal capital	**Human capital**	Human capital is the driver of the ongoing sustainable growth of the Group and it is essential for continuing to create innovation and new value. Human capital is extremely important for the Group as it is engaged in human capital-thriving businesses, which is characterized by its reliance on the skills and expertise of its human resources.	We have formulated a human capital and organizational climate vision and three human capital strategies that are interlinked with our management strategies, and we are implementing these on a Group-wide basis. As a result, we are advancing initiatives that are distinctive, as they create Group synergies and encourage the growth and empowerment of diverse individuals.	• Develop people who create value (dissemination of the Group philosophy, development of DX talent, human capital development based on environmental management) • Develop organizations with diversity and a sense of unity (empowerment of women, empowerment of diverse human capital, fostering of an innovative organizational climate) • Enhance motivation to work and foster an employee-friendly work culture (promotion of health and productivity management, support for diverse work styles, improvement of employee engagement) (p.79) • Set key performance indicators (KPIs) such as the amount of investment in human capital
Internal capital	**Intellectual capital**	This capital is the Group's business knowledge and resources in a wide range of areas, from real estate development through to property management and operation, real estate brokerage and agent operations, infrastructure building, real estate investment, and businesses that combine multiple elements. It also includes the ability to co-create with partners. It is essential for urban development for the future and an important foundation for sustainable growth.	In addition to our track record of developing a variety of asset types and ability to produce businesses that are rooted in the local community, in recent years, we have been strengthening the Group's competitive advantages by leveraging co-creation with partners and DX to effectively utilize intellectual assets under our long-term management policy.	• Promote DX as a Group policy (next-generation IT platform, human capital platform for DX promotion) (p.47) • Advance innovation creation and new business development (corporate venture capital, STEP internal venture scheme) • Co-create startup ventures through industrial-academic partnerships, etc. • Set KPIs such as the amount of investment in DX
Investment ↑ ↓ Investment	**Financial capital**	To maintain and improve a sound financial position, it is essential to build resilience to various risks, such as market fluctuations, while continuing to invest in growth. In this regard, financial capital is important for enhancing corporate value.	We are enhancing asset and capital efficiency (ROA and ROE) based on profit growth and the strengthening of our financial foundation through the careful control of assets, liabilities, and equity, with a focus on balancing growth investment, shareholder returns, and equity accumulation.	• Improve the D/E ratio (FY2030 target: 1.8 times or lower) • Achieve an equity ratio of around 30% (FY2030 target) • Balance financial soundness while strengthening shareholder returns in accordance with EPS growth • Issue financial instruments such as green bonds and sustainability-linked bonds • Set KPIs such as ROE and EPS
External capital	**Social capital**	We believe that corporate value is the sum of the degree of satisfaction felt by all stakeholders. Therefore, we view relationships of trust and cooperation with stakeholders as an important form of social capital.	We strive to build relationships of trust and to enhance and maintain cooperative partnerships through efforts centered on stakeholder engagement. In this way, we aim to build a brand that continues to be chosen by stakeholders and foster unity among Group employees.	• Advance regional co-creation and urban development activities (including solving regional issues through cooperation between government agencies, citizens, and companies, revitalizing communities, and implementing stakeholder environmental education programs that envision future society) • Engage stakeholders (p.21) (communication for building relationships of trust, etc.) • Set KPIs such as customer satisfaction levels, lifestyle creation, and community revitalization
External capital	**Natural capital**	Responding to various environmental issues, such as climate change and biodiversity conservation, has become a pressing concern for society. These matters also considerably affect the Group, as solar and wind power generation business is one of our focuses. In recognition of this, we have positioned "create a sustainable environment" as a material issue.	As an environmentally advanced company, we are strengthening efforts to solve social issues through our business, with decarbonized society, circular society, and biodiversity conservation as our three priorities. Also, we are practicing environmental management that creates high added value by tackling regional social issues, such as disaster preparation and bolstering resilience, throughout our entire value chain.	• Practice low-carbon real estate development, management, and operation which leverages our strength in renewable energy (co-existence of electricity generation, logistics, and agriculture, creation of new employment and economic effects) • Manage and utilize buildings in a way that contributes to longer useful lifespans and community revitalization (maintaining asset value, urban development focused 50 years in the future) • Contribute to ecosystem conservation that takes into account urban and regional characteristics (creation of spaces that contribute to wellbeing in urban areas, sustainable tourism) • Set KPIs such as renewable energy consumption and CO_2 emissions volume

Enhancing unique business creation ability

The Group's human and intellectual capital is the source of our ability to create unique, pioneering businesses. By combining our extensive expertise and resources in areas ranging from real estate development through to property management and operation, real estate brokerage operations, and even renewable energy and industrial real estate, we are strengthening our ability to create businesses that are difficult to imitate.

Positive cycle that continues to heighten the Group's competitive advantage

Expanding broad customer and market contact points

Our contact points with customers are multi-layered and occur in various lifecycle stages, including residential, work, and leisure situations. In recent years, we have also been building relationships with new stakeholders through efforts such as the development of a renewable energy business and sustainable tourism that utilizes natural capital. The vast volumes of information, ability to build relationships of trust, and collaborative networks generated through this contact with a wide variety of customers and markets are strengthening the Group's competitive advantage.

Increasing corporate value by encouraging thorough dialogue

We believe that corporate value is the sum total of the levels of satisfaction of all of our stakeholders, so we are working to raise stakeholder satisfaction. We are looking to make improvements and create new value by engaging in thorough dialogue through our business activities, so that we can fulfill our responsibilities to each stakeholder and foster a sustainable society.

Future society

Main dialogue channels

· Environmental education programs in areas where we are developing businesses
· Student Mirai Community Project (which involves students in urban development for the future)
· Provision of career development support for students through the National Students Information Center

Main content and outcomes of dialogue

We are using TENOHA Daikanyama as a venue for holding environmental education sessions for elementary school students in Shibuya City. In FY2024, we held three workshops led by Group employees. The themes of these workshops were decarbonization, biodiversity conservation, and circular society, and the children visited actual facilities to learn about the initiatives being implemented and consider how they can take action in their own lives. (p.43)

Future action

We will continue to educate and maintain two-way communication with future generations. We will also strive to learn new, flexible ways of thinking and doing things in order to develop and deliver new businesses and services that enable the Group to contribute to solving social issues.

Customers

Main dialogue channels

· Dialogue through our everyday services and questionnaire surveys during sales activities
· Communication through Tokyu Cosmos Members Club (a membership program operated by the Group) newsletters and a dedicated website
· Free newspaper for office tenants, environmental awareness raising activities, and co-creation events

Main content and outcomes of dialogue

At our BRANZ condominium properties, we are operating BRANZ VOICE, a system through which we use feedback from current residents to enhance quality and make product improvements. The needs identified are being reflected in the development of other properties.

Future action

Through Tokyu Cosmos Members Club, we are measuring Net Promoter Score (NPS®), a metric that gauges the degree to which a company is valuing its customers and whether it is generating customer loyalty. We will strive to analyze customer feedback and use it to deliver better services.

Group employees

Main dialogue channels

· Regular employee engagement surveys, monitoring of employee engagement, and office space surveys
· Provision of e-learning programs and seminars on compliance and DE&I
· Measures to make internal communication more dynamic

Main content and outcomes of dialogue

Tokyun Fudosan Holdings is a program designed to vitalize internal communication across the Group. It uses an original AI to turn employees' "likes" (represented in Japanese as "kyun") into ideas for the future, together with a visualizing image. It aims to foster a creative culture and improve loyalty by encouraging employees to share and use these images. (p.79)

Future action

The results of recent employee engagement surveys* show that we are realizing workplaces where each individual can freely demonstrate their individuality and abilities. However, the results also revealed that that issues remain concerning the generalization and standardization of knowledge. We will continue working to improve the issues identified by the score for each item in the survey with the aim of enhancing employee satisfaction and the inclusivity of workplaces. (p.80)

*Tokyu Land Corporation

Business partners

Main dialogue channels

· Due diligence pertaining to human rights and procurement, which includes supplier attitudes to social issues and the environment
· Interviews and exchanges of opinions covering advanced case studies for preventing and lessening environmental risk

Main content and outcomes of dialogue

In FY2024, we conducted a questionnaire survey of construction companies we have worked with, and carried out risk assessments and provided feedback. We also held discussions with two companies concerning topics such as social and environmental issues. Additionally, we are taking measures to prevent and lessen human rights violations and environmental risks, including sharing the Group's due diligence process and examples of good practice, carrying out interviews with construction companies covering advanced case studies concerning the environment, and strengthening supplier engagement through exchanges of opinions and awareness raising activities. (p.82)

Future action

In recent years, protecting the human rights of foreign trainees on the Technical Intern Training Program has become a theme within the industry, and we are requesting that our partner companies conduct due diligence in this area. Going forward, we will work to raise the effectiveness of measures to prevent human rights violations and mitigate environmental risks and to solve social and environmental issues throughout our entire supply chain.

Local communities

Main dialogue channels

· Engagement in area management activities, such as cleaning events, disaster preparation training, participation in festivals, and the dispatch of instructors for special lessons at elementary schools
· Participation in community meetings such as district assemblies, regular community engagement surveys, and monitoring of community engagement
· Measures to solve social and environmental issues and revitalize communities in the areas in which we do business

Main content and outcomes of dialogue

We are focused on participating in community meetings and carrying out area management activities with the aim of enhancing the area value of towns and neighborhoods and realizing sustainable development. In the Greater Shibuya Area and Takeshiba Area, we are implementing initiatives such as beautifying public spaces, holding events, conducting disaster preparation training, providing tourist information, and disseminating local information. Additionally, in Takeshiba, we are engaged in activities aimed at realizing a smart city, including operating co-creation spaces, enhancing mobility around the bay area, and providing new services that use IT. (Greater Shibuya Area) (Takeshiba Area)

Future action

The Group has positioned local value as one of the types of premium value we aim to create under our medium-term management plan. Going forward, we will further strengthen cooperation with local communities by using regional resources to maximize local value through co-creation with partners who are essential for advancing development in each region.

Shareholders and investors

Main dialogue channels

· Financial results presentations and business briefings
· Individual meetings with institutional investors and analysts
· Disclosure of abundant information in an easy-to-understand format and acquisition of external evaluations

Main content and outcomes of dialogue

We held an IR Day in January 2025. This included briefings on the Greater Shibuya Area and renewable energy business, which are areas where future growth is anticipated, and an explanation of our sustainability management efforts. We were able to deepen understanding of the Group's business strategies through dialogue, including Q&A sessions. (IR Day)

Future action

In addition to our quarterly results announcements, we are planning to create other opportunities for dialogue, such as IR Day and site tours. We will work to gain understanding, sympathy, and support for our management strategies, including the medium-term management plan, by providing easy-to-understand explanatory materials.