

Daibiru Report  
**2021**



#### Corporate Principles

# Constructing buildings, creating towns, pioneering the new era

The Daibiru Group creates comfortable,  
life-enhancing office and commercial spaces  
that bring bustling activity to local streets and towns.

We try to be a pioneer, establishing a new era  
while always staying keenly attuned to the context of the times,  
allowing people to foster and pursue dreams in these new environments.

#### Mission Statement

## 1. Provide office spaces and environments that can win the trust and attachment of customers

Winning the trust and attachment of our customers is the heart of the Daibiru Group's office building leasing and property management businesses.

## 2. Increase enterprise value together with our tenants

Our customers' business success means the improvement of our corporate value.  
Listening carefully to our customers and responding accurately to their ever-changing needs,  
we will assume our social responsibility.

## 3. Create beautiful cityscapes and stylish spaces

To create elegant and graceful urban landscapes, we must build an appropriate customer base.

#### Group Message

We will make collective efforts as a group to focus on creating comfortable, safe, and reassuring spaces and environments.

#### Information Disclosure

For more detailed information, please visit our corporate website.  
<https://www.daibiru.co.jp/english/>

#### Editorial Policy

The Company publishes an integrated report to communicate the value creation story of the Daibiru Group to its stakeholders. This integrated report summarizes and publishes non-financial information such as environmental and social activities, human resources, and governance, as well as management strategies and financial information. For more detailed information, please refer to our corporate website and other communication tools that are made available. We hope that this report will help readers to gain a better understanding of the Company.

#### Reporting Period

This report is mainly based on results for fiscal 2020 (April 1, 2020 to March 31, 2021). Some contents may cover our activities and projections before or after this period.

#### Note concerning Projections

This integrated report contains statements on our future plans and strategies, and our projections and forecasts regarding our corporate performance. These statements incorporate predictions, plans, and judgments based on information available to us at this point in time and thus contain many potential risks, uncertain factors, and hypotheses. Actual results and performance may differ greatly from our projections, due to fluctuations in these variables.

#### Reference Guidelines

- Ministry of Economy, Trade and Industry (METI), "Guidance for Integrated Corporate Disclosure and Company-Investor Dialogues for Collaborative Value Creation"
- The International Integrated Reporting Council (IIRC), "International Integrated Reporting Framework"

## Contents

### Introduction

- 3 History of the Daibiru Group
- 5 Value Creation Model
- 7 Business Model for Value Creation
- 9 The Daibiru Group and Sustainability

### Strategy

- 13 President's Message
- 17 Medium-Term Management Plan
- 21 Financial Highlights
- 23 Special Feature:  
Initiatives by the Brand Strategy Committee

### Sustainability

#### Materiality of the Daibiru Group

- 25 Provide Optimal Offices  
for Changing Times
- 26 Be Rooted in the Community and  
Develop alongside Towns
- 27 Provide Eco-Friendly Buildings  
to the Next Generation
- 30 Increase Human Resource and  
Organizational Strength
- 32 Accumulate Intellectual Capital to Form  
the Basis for High-Quality Services
- 32 Collaborate with Stakeholders  
to Create Value
- 33 Evolve toward Corporate Governance That  
Supports Sustainable Improvement  
of Corporate Value
- 36 Message from an Outside Director
- 37 Board of Directors, Audit & Supervisory  
Board Members, and Executive Officers

### Basic Information

- 39 11-Year Summary
- 41 Property Information
- 42 Non-Financial Information Highlights
- 43 List of Major Properties
- 45 Location Maps for Major Properties
- 48 Consolidated Financial Statements
- 53 Corporate Data

## History of the Daibiru Group

# A Consistent Ambition Unchanged since Our Establishment: Pursuing Overwhelming Customer Satisfaction through Quality

## Thoroughly Pursuing the Ideal Office Building for the Times

Establishing a business model based on integrated management that meets customer needs from both hard and soft perspectives

### Major Events

Oct. 1923

Osaka Building Co., Ltd. (capital: ¥3 million) established through a joint capital investment of three companies: O.S.K. Line, Ujigawa Electric Power Co., Ltd., and Nippon Electric Power Co., Ltd.

Sep. 1925

Construction of the Daibiru-Honkan Building in Nakanoshima, Kita-ku, Osaka completed.

July 1927

Construction of Hibiya Daibiru Building No. 1 in Uchisaiwaicho, Chiyoda-ku, Tokyo completed.

Apr. 1931

Construction of Hibiya Daibiru Building No. 2, next to Hibiya Daibiru Building No. 1, completed.



(Former) The Hibiya Daibiru Building  
(On the right: Building No. 1 / On the left: Building No. 2)

Apr. 1958

Construction of the (former) South Wing of the Shin-Daibiru Building in Dojimahama, Kita-ku, Osaka completed.

Oct. 1963

Construction of the (former) North Wing of the Shin-Daibiru Building completed.



(Former) The Shin-Daibiru Building

Oct. 1989

The first phase of the Hibiya Daibiru Building reconstruction project completed and construction of a new building completed.



The Hibiya Daibiru Building

Mar. 2005

Construction of the Akihabara Daibiru Building in Sotokanda, Chiyoda-ku, Tokyo completed (a redevelopment project in front of Akihabara Station).



The Akihabara Daibiru Building

Mar. 2009

Construction of the Nakanoshima Daibiru Building in Nakanoshima, Kita-ku, Osaka completed (3-chome Nakanoshima joint development).

## Continuing to Take on the Challenge of Proposing New Office Spaces

Entering into new domains by leveraging our long-cultivated competitiveness



Jan. 2012

Acquired the Saigon Tower in Ho Chi Minh City, Vietnam (the first time for the Company to expand overseas).

Feb. 2013

The Daibiru-Honkan Building reconstruction project in Nakanoshima, Kita-ku, Osaka completed and construction of a new building completed. (The Company commemorated the 90th anniversary at the site of its establishment.)

Dec. 2014

Acquired the CornerStone Building in Hanoi, Vietnam.

Mar. 2015

The Shin-Daibiru Building reconstruction project in Dojimahama, Kita-ku, Osaka completed and construction of a new building completed.

July 2019

Construction of BiTO AKIBA in Sotokanda, Chiyoda-ku, Tokyo completed (the first time for the Company to develop a commercial building).

Nov. 2019

Acquisition of three buildings, including DAIBIRU PIVOT, in Chuo-ku, Sapporo.

Dec. 2020

Construction of the 275 George Street office building in Sydney, Australia completed.

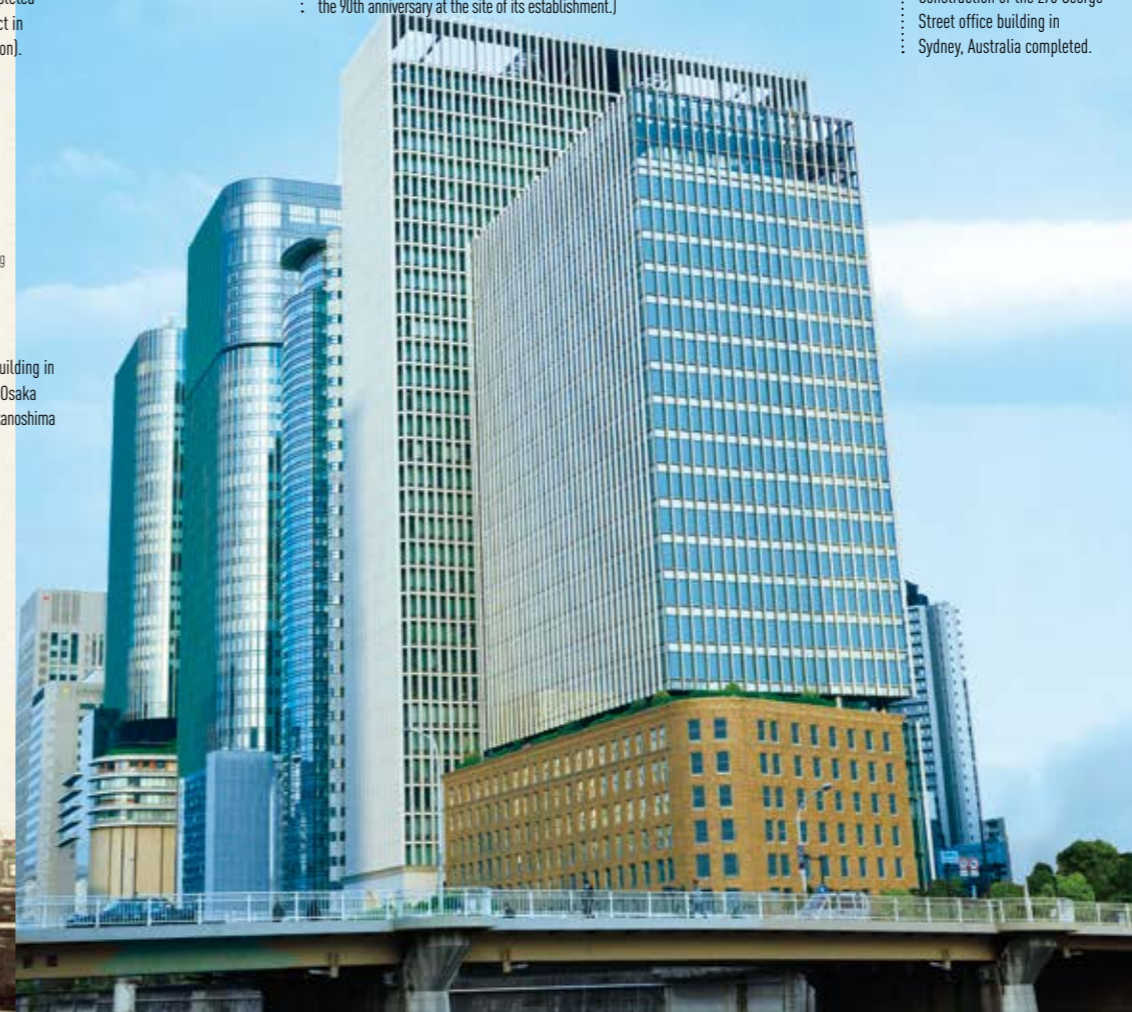
Looking at social issues and then pursuing the ideal sustainable offices and urban development for the next generation

### Formulate Materiality for Sustainable Growth

See page 12 for information on the Daibiru Group's materiality.



Left: The former Daibiru-Honkan Building  
Right: The current Daibiru-Honkan Building



## Value Creation Model

The Daibiru Group offers value to society through its building business, which centers on office building leasing. Going forward, the Group aims to maximize its corporate value and realize sustainable growth together with society.

Corporate Principles

# Constructing buildings, creating towns, pioneering the new era

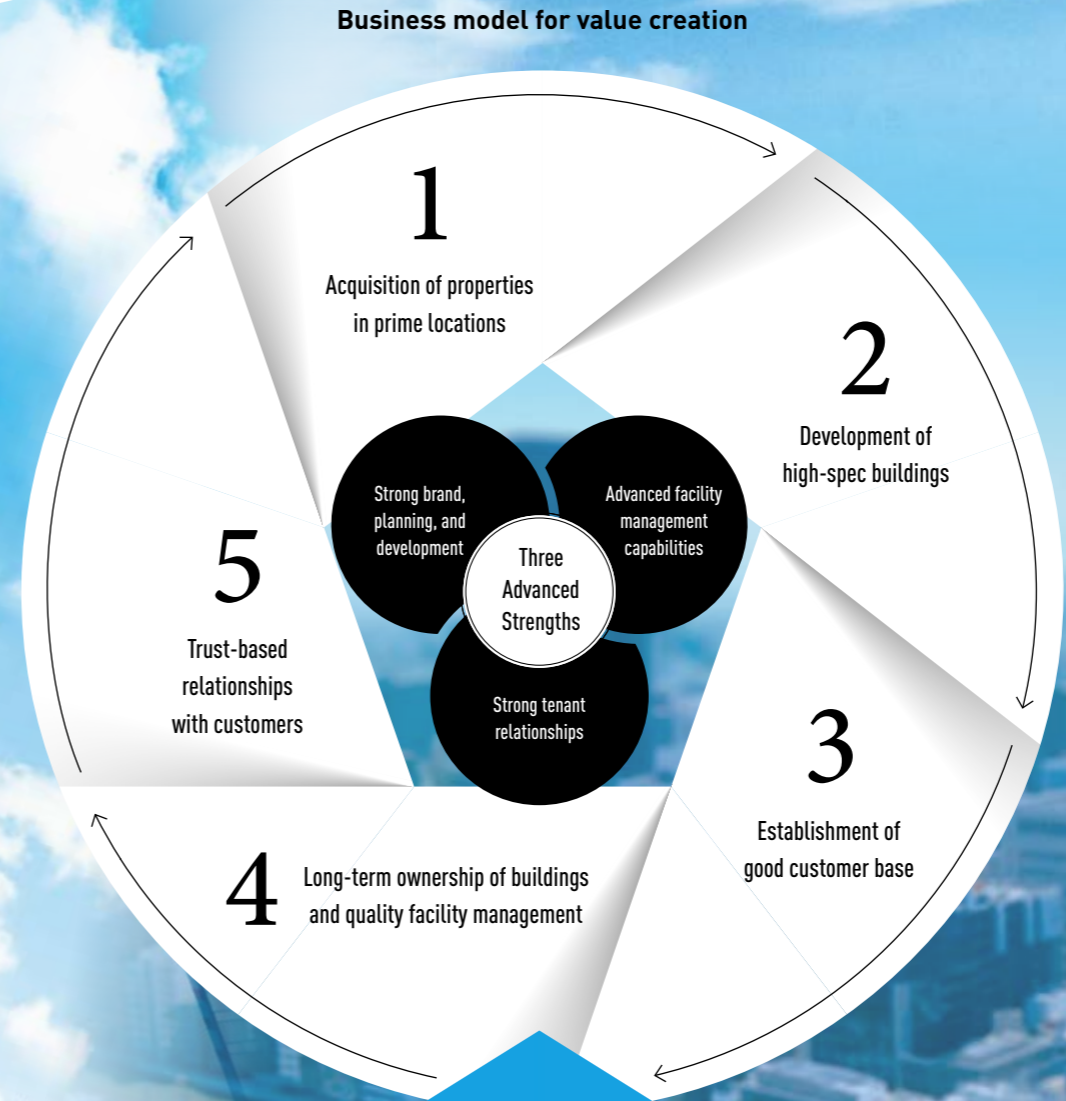
### Social issues surrounding the Company

- Changes in the significance of offices
- Changes in lifestyles and work styles
- Development of information and communications technology ICT
- Increased urban resilience
- Increased diversity and inclusion

### Environmental issues

- Worsening climate change
- Depletion of existing resources and a shift to renewable energy
- Increasing intensity and frequency of natural disasters

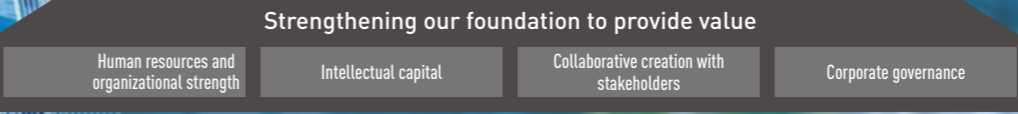
Foundations for value creation (inputs)	
Financial capital	<ul style="list-style-type: none"> <li>Operating profit margin 28.2%</li> <li>Stable finances and a high credit rating</li> <li>Total property, plant and equipment as a percentage of total assets 83.6%</li> </ul>
Intellectual capital	<ul style="list-style-type: none"> <li>Initiatives for quality maintenance and improvement of facility management</li> <li>Tenant relations and expertise in building development gained through quality facility management</li> </ul>
Human capital	<ul style="list-style-type: none"> <li>Human resources with a wealth of expertise in building development</li> <li>Human resources with high leasing skills</li> <li>Human resources that can win the trust of customers</li> </ul>
Manufacturing capital	<ul style="list-style-type: none"> <li>Office buildings in prime locations                             <ul style="list-style-type: none"> <li>Osaka 10 properties</li> <li>Tokyo 11 properties</li> <li>Vietnam 2 properties</li> <li>Australia 1 property</li> </ul> </li> <li>Expansion to commercial buildings and hotels                             <ul style="list-style-type: none"> <li>Osaka 1 property (hotel)</li> <li>Tokyo 4 properties (commercial buildings)</li> <li>Sapporo 3 properties (commercial buildings)</li> </ul> </li> </ul>
Social relations capital	<ul style="list-style-type: none"> <li>Approximately 100 years of achievement</li> <li>A robust customer base</li> <li>Large number of long-term tenants</li> <li>Advantages as a pioneer in Vietnam</li> </ul>



The Daibiru Group's management strategy

Expansion of business and growth strategy "Design 100" Project Phase-II

Page 17



Greater investment in foundations for value creation

Creating value for society(outcomes)

Page 12 The Daibiru Group's Materiality

Provide optimal offices for changing times

Page 25

Be rooted in the community and develop alongside towns

Page 26

Provide eco-friendly buildings to the next generation

Page 27

Improving corporate value (outputs)

Improved business performance

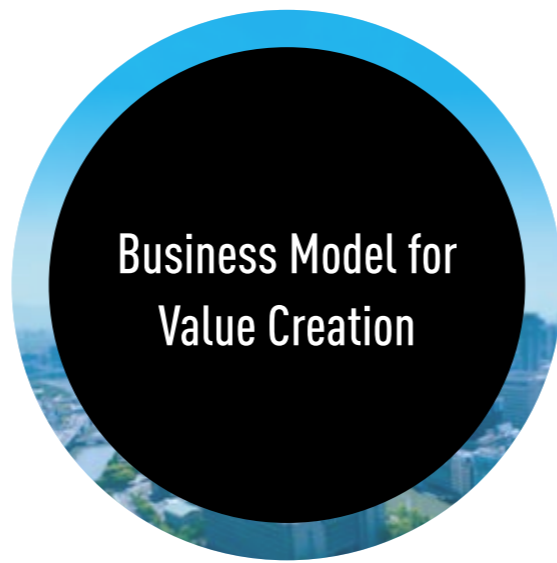
Target figures for fiscal 2022

Operating revenue	¥46.0 billion
Operating profit	¥13.0 billion
Profit attributable to owners of parent	¥8.0 billion

## Business Model for Value Creation

# Maximizing Customer Satisfaction: A Business Model Based on Integrated Management, from Development to Reconstruction

Since its establishment, the Daibiru Group has placed the long-term integrated management of top-tier office buildings, from development to reconstruction, at the center of its business model. Leveraging the know-how that it has cultivated over its long history, the Group will continue to provide valuable office services.



## 1/ Acquisition of Properties in Prime Locations

Promoting long-term ownership that allows us to identify land that can maintain competitiveness well into the future

When acquiring land and properties, Daibiru makes decisions based on the assumption of long-term ownership. To this end, we place emphasis on location and maintain a policy of investing in premium locations that are believed to have stable demand even if the external environment changes. Throughout the Company, there is an understanding that land capable of staying competitive irrespective of changes in social conditions of customer needs will always be viable, and this is one of the factors we consider when making investment decisions.

In addition, we carry out investigations by departments in charge of acquisition to determine whether or not a property is worth acquiring. Through this investigation process, we decide on acquisition while incorporating the opinions of employees from other departments, such as sales and architecture. This kind of structure for cross-organizational collaboration is another important part of the foundation that allows us to procure outstanding properties.

## 2/ Development of High-Spec Buildings

Leveraging the know-how we have cultivated since our establishment and the daily requests from customers in our building development

With the know-how we have cultivated through our many years of experience, we have been working to offer comfortable office spaces that are safe and secure. Whether we are constructing a new building or renovating an existing one, we work to enhance features that meet the needs of the times in such ways as introducing the latest energy-saving equipment and considering business continuity plans (BCPs). Furthermore, we strive to meet the needs of customers by reflecting the perspectives of workers in our buildings, including responding to requests received through our relationships with tenants. Also, based on the idea we have maintained since our establishment that the value of our office buildings is their contribution to the development of the cities where they are located, we engage in development with an outlook that seeks to achieve coexistence with urban areas. This development includes efforts that consider scenery and the founding of green zones. To realize this kind of building development, which reflects a diverse range of opinions, we have established a strong collaborative relationship with designers and builders.

## 3/ Establishment of a Good Customer Base

Responding to customer needs with sales representatives who are well versed in the characteristics of buildings

In recent years, there have been instances where real estate companies separate the roles of real estate ownership and management and outsource certain aspects of their operations. However, the Daibiru Group handles all of these aspects on its own. In our case, the department responsible for inviting tenants is the same department that handles procedures after tenants move in. When inviting tenants, sales representatives in charge of their respective buildings provide detailed support to potential tenants based not only on their knowledge of our products—our buildings—but also their thorough understanding of the conditions in the office building market and the circumstances of the customer.

Changing office locations is a major management decision for our customers, and our sales representatives serve as a partner in this process from beginning to end, to ensure that our customers are kept reassured through the entire process of relocation.

## 5/ Trust-Based Relationships with Customers

Earning the trust of customers through consistent interaction with them, from inviting them to be tenants and concluding contracts with them to helping with the move-in process and providing detailed facility management support afterward

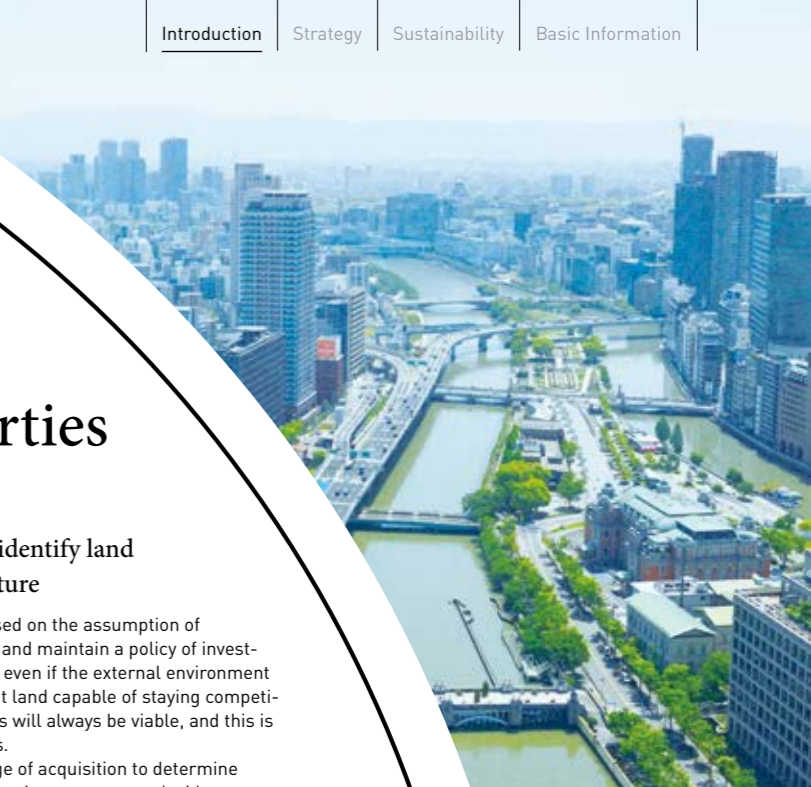
Daibiru continually considers what it can do to establish environments in which its customers can focus on their business. In this regard, we engage in consistent interaction with customers, from inviting them to be tenants and concluding contracts with them to helping with the move-in process and providing detailed facility management support afterward. This interaction helps to foster among our sales representatives a greater sense of responsibility and close attachment to the buildings for which they are responsible, serving as the source for earning customer trust. For our customers, having the same sales representative serve as the contact point even after the move-in process offers them reassurance. This kind of operating structure is a major reason why we can maintain good relationships with our tenants. Also, as an initiative unique to the Company, our sales representatives take part in "Team Daibiru" activities, where they work together with local staff to ensure the quality of facility management.

## 4/ Long-Term Ownership of Buildings and Quality Facility Management

Realizing comfortable places through Groupwide facility management

What Daibiru emphasizes in its facility management is property optimization over the long term, rather than the short, with a focus on the entire lifespan of a building. To this end, we formulate and implement repair and renovation plans from the perspective of building conservation. In addition, we work to extend the lifespan of our buildings through efficient facility management that leverages our long-cultivated experience.

Furthermore, by performing security services, cleaning, and other operations of facility management in-house using Group companies, we have secured the loyalty of employees working in our buildings as well as a high level of quality for such operations. As a result, we have received a variety of praise from our tenants, including comments such as "the beauty of Daibiru's buildings shows no sign of the building's age" and "it is impressive how Daibiru's facility management reaches areas that do not always catch your attention, such as staircases." Moreover, performing such operations in-house creates close collaboration with front-line personnel and ensures a lean organizational structure. Accordingly, this allows us to swiftly respond to requests and consultations from customers.



## The Daibiru Group and Sustainability

# For the nearly 100 years since its establishment, Daibiru has always moved alongside local communities and their residing areas.



**Tomoe Kudo**  
Osaka Building Co., Ltd.  
(Currently Daibiru Corporation)  
Then-President

“Land development is crucial for people to live and improve their lives.”

Although land development can be carried out through civil engineering, one cannot deny that civil engineering as we know it today essentially means the destruction of nature. By this logic, civil engineering seems destined to be at odds with the need to protect nature.

But those who resign themselves to fate do not deserve the pride of being human. The reason people believe that the need to protect nature and land development realized through civil engineering cannot coexist is the false premise that these are two separate and opposing ideas that require a choice between one or the other. However, it must be said that the fact that we can move forward with civil engineering that serves to develop land for human life while also serving to protect nature and maintain the living environment for all living things great and small, is proof that intellect resides in humanity, and that is what makes humanity the most powerful of all things.

[Excerpt from the April 1967 issue of *Architecture and Society*]

## Coexistence between Office Buildings and Nature

### Case Study: The Rooftop Tree Garden of the Former Shin-Daibiru Building

On the rooftop of the former Shin-Daibiru Building, completed in 1963 in Dojimahama, Osaka, a tree garden covering approximately 1,000 *tsubo*, or 3,300 m<sup>2</sup>, was built with the hope of creating harmony between the building's architecture and the natural environment. Tomoe Kudo, president of the Company at the time, later conveyed this hope in the above excerpt from *Architecture and Society*. This rooftop garden was notable as the first attempt of such a feature in Japan, and it was the precursor of subsequent rooftop greening endeavors.



The rooftop garden of the former Shin-Daibiru Building

### Case Study: The Daibiru-Honkan Building Reconstruction Project

The former Daibiru-Honkan Building had been known as the face of Nakanoshima in Osaka for many years, since 1925. Therefore, when rebuilding it, its facade and lobby were faithfully reproduced to evoke and pass on the historical setting of its predecessor. At the same time, the building was reconstructed with the latest specifications of a modern-day leasing building that could survive into the future, ensuring earthquake resistance and pursuing tenant convenience, eco-friendliness, and efficient maintenance and management.

Materials from the former building, such as stone and bricks from the exterior, were reused whenever possible, passing on the history imprinted on these materials to the new building, while helping to reduce waste from demolition of the old building.



The former Daibiru-Honkan Building

## Inheriting the Traditions of the Past and Passing Them to the Next Generation

## Closeness to the Community and Hand-in-Hand Development

### Case Study: Redevelopment of Akihabara Station Front

The Akihabara Daibiru Building stands as a landmark in front of Akihabara Station, having been planned in a joint venture and completed in 2005 as one of the core facilities of the Akihabara Station redevelopment project, aimed at turning the world-famous electric town into a premier IT hub. We also have two commercial buildings in the same city block under our BiTO brand, acquiring one building and developing the other from the design stage onward. These efforts, combined, have been part of our goal to bring life to the local area and boost satisfaction.



Akihabara Daibiru Building (center), BiTO AKIBA PLAZA (left)

### Case Study: Building a Pedestrian Bridge in Nakanoshima 3-chome

As part of the joint development of Nakanoshima 3-chome, conducted through a joint venture, the Nakanoshima Shiki-noka has been connected by a pedestrian bridge to the promenade beside the Dojima River, which runs past the northern side of the site. We are also building a pedestrian bridge connecting Nakanoshima 3-chome to Nakanoshima 4-chome with plans to open the bridge to the public next year, in conjunction with the opening of a museum of modern art that has been located in the area by the city of Osaka. This will increase foot traffic in the Nakanoshima district, and will contribute to the enhancement of pedestrian safety by separating walking areas from those used by cars.



Pedestrian bridge

# We will continue to serve as a solution to social issues in the next generation.

### Formulating Materiality (Priority Issues Related to Sustainability)

In recent years, recognition has been growing for sustainability as an important management issue when working to improve corporate value over the medium to long term. Accordingly, the revised Corporate Governance Code of June 2021 contains a variety of additional items addressing sustainability-related issues and disclosure.

For half a century, the Daibiru Group has engaged in business activities mindful of biodiversity from the perspective of environmental conservation and social contribution, as shown in the architectural philosophy of Tomoe Kudo, who was president when the rooftop garden for the former Shin-Daibiru Building was constructed. To continue practicing and promoting such sustainable management, we have formulated the Group's materiality, a set of priority issues related to sustainability. Going forward, the Group will continue to contribute to achieving a sustainable society through its business activities.

For more details regarding materiality, please refer to [page 12](#).

### Joining the UN Global Compact and Contributing to the SDGs

In addition to joining the UN Global Compact in 2010, the Company is deeply aware of the demands of society as represented by the Sustainable Development Goals (SDGs).

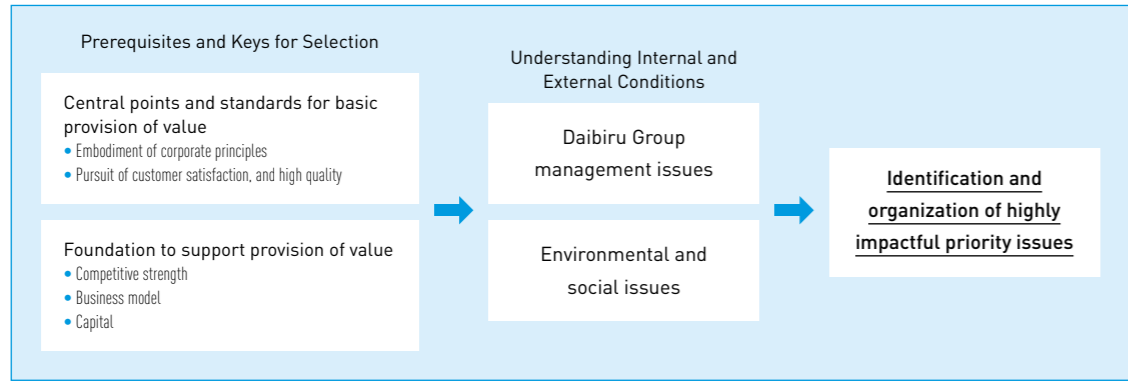
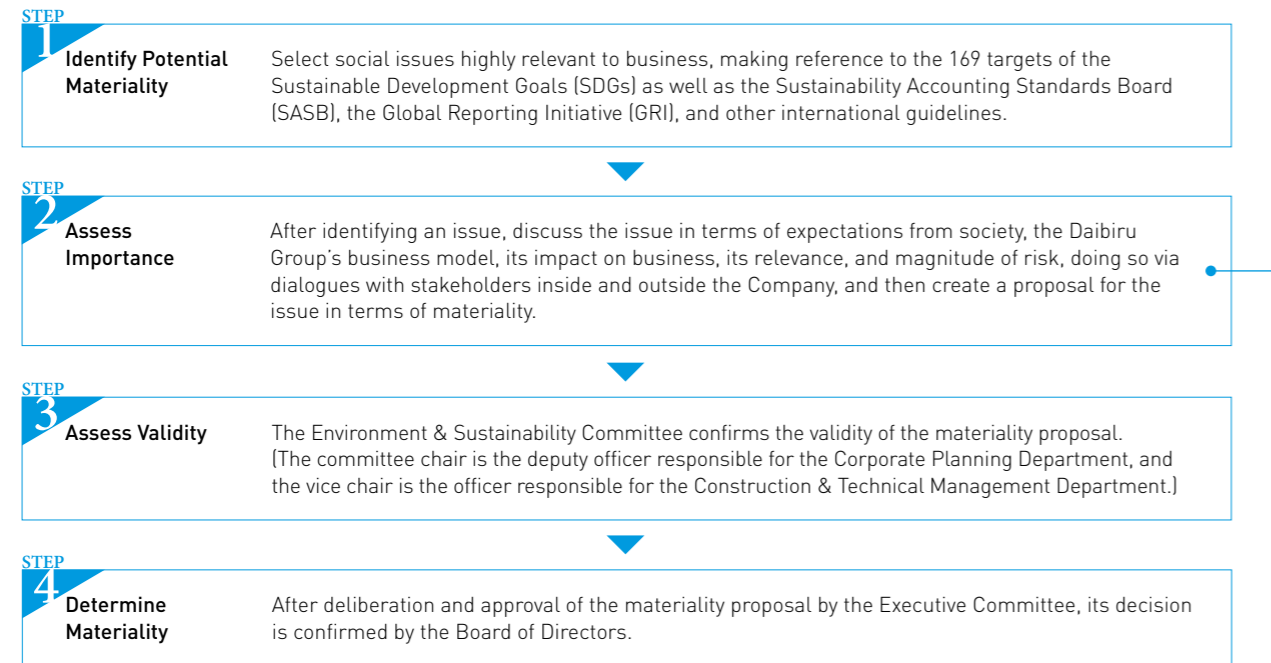


# The Daibiru Group and Sustainability

## Formulating Materiality

To grow alongside society and assess the range of issues facing it from a business perspective, we have identified as material a series of priority issues (materiality) in the short, medium, and long term that are either business opportunities or risks.

### Formulation Process



### Sustainability Promotion System

In April 2021, the CSR and Environmental Committee was reorganized to form the Environment & Sustainability Committee, which operates under the Executive Committee. This organizational body is dedicated to actively promoting measures on a Groupwide basis that help to resolve environmental and social issues and contribute to the sustainable growth of the Group. Implementing initiatives aimed at sustainability is one of our most important missions, an idea engrained in our Group Code of Conduct. Accordingly, we will continue to work to implement more initiatives in the future.

### Group Code of Conduct

- |                                      |   |
|--------------------------------------|---|
| 1. Good corporate citizenship        | 5. Social contribution                        |
| 2. Legal compliance                  | 6. Respect for human rights                   |
| 3. Fair disclosure                   | 7. Corporate culture where autonomy is valued |
| 4. Addressing environmental problems |   |

For more details on the Group Code of Conduct, please refer to our corporate website. <https://www.daibiru.co.jp/english/company/philosophy/>



## The Daibiru Group's Materiality

Group materiality comprises two categories: (I) providing value to society (or reducing damage to social capital) and (II) strengthening the foundation for providing value. The three materialities within category I correspond roughly to our corporate principles, "Constructing buildings, creating towns, pioneering the new area," in that the first materiality concerns office buildings, the second concerns local communities, and the third involves consideration for the environment.

Materiality	Themes	Target SDGs	
<b>I. Providing value to society (or reducing damage to social capital)</b>	Provide optimal offices for changing times Page 25	<ul style="list-style-type: none"> <li>Support greater tenant productivity with safe, secure, and comfortable offices</li> <li>Optimize offices with consideration for diversity and diversifying work styles</li> <li>Enrich the lives and activities of office workers</li> <li>Develop next-generation offices utilizing the IoT and digital technologies</li> <li>Redefine the role of the office in a COVID-19 and post-COVID-19 society</li> </ul>	
	Be rooted in the community and develop alongside towns Page 26	<ul style="list-style-type: none"> <li>Bring the Group's quality and services to more areas and people</li> <li>Support disaster-resistant urban development</li> <li>Work with communities toward collaborative value creation with a long-term perspective</li> </ul>	
	Provide eco-friendly buildings to the next generation Page 27	<ul style="list-style-type: none"> <li>Improve the environmental performance of Company-owned buildings</li> <li>Reduce the environmental impact of buildings over their life cycle</li> <li>Coexist with the natural environment</li> <li>Visualize and disclose the environmental performance of our buildings and the environmental value they provide to society</li> </ul>	
<b>II. Strengthening the foundation for providing value</b>	Increase human resource and organizational strength Page 30	<ul style="list-style-type: none"> <li>Create value via Groupwide collaboration</li> <li>Foster a challenge-seeking corporate culture</li> <li>Acquire and cultivate human resources that can ensure high-quality services</li> <li>Promote diversity and inclusion</li> <li>Pursue employee health and safety and respect human rights</li> </ul>	
	Accumulate intellectual capital to form the basis for high-quality services Page 32	<ul style="list-style-type: none"> <li>Accumulate and deepen quality management know-how related to building development and management operations</li> <li>Accumulate and deepen knowledge related to the IoT and digital technologies</li> <li>Accumulate and deepen knowledge related to environmental technologies</li> </ul>	
	Collaborate with stakeholders to create value Page 32	<ul style="list-style-type: none"> <li>Build close relationships with tenants and collaborate to create value</li> <li>Strengthen relationships with national and local governments, as well as local areas</li> <li>Collaborate with business partners to create value</li> <li>Enhance supplier monitoring</li> </ul>	
	Evolve toward corporate governance that supports sustainable improvement of corporate value Page 33	<ul style="list-style-type: none"> <li>Improve transparency and effectiveness of management</li> <li>Implement thorough compliance, internal controls, and anti-corruption measures</li> <li>Strengthen risk management further</li> </ul>	

## President's Message

The office building market is in a period of transformation.  
We must take hold of this transformation,  
incorporate these new changes, and incorporate them now,  
and move toward our next stage of evolution.

### Toshiyuki Sonobe

Representative Director,  
President Chief Executive Officer



### Opening Remarks

I would like to express my deepest sympathies to those who have suffered from the effects of COVID-19, both those who have contracted the virus and those whose daily lives have been affected by its spread. I would also like to express my utmost respect to all of the medical professionals working on the front lines day and night and to the fullest of their abilities to protect people's health and lives.

Since our establishment in 1923, we have provided high-quality office buildings as pioneers in the office building business, while enjoying the patronage of tenants, visitors, and local residents as well as steady growth along the way. I am also grateful for our many shareholders and other stakeholders. With their support, we have managed to consistently improve our business performance over the course of almost a century to the present day. In this message, I will reflect on fiscal 2020 and the progress of the medium-term management plan, and will talk about the future challenges that face the Group.

### Results for Fiscal 2020

Group results for fiscal 2020 broke records set in fiscal 2019 for operating revenue, operating profit, ordinary profit, and profit attributable to owners of parent. This consecutive streak was largely due to revenue contributed by BiTO AKIBA, which began operations in 2019, and DAIBIRU PIVOT, which was acquired in 2019 as well. One of the reasons for such positive results, despite the recent impact of COVID-19, is that the investments we made during the first two years of the five-year medium-term management plan started in fiscal 2018 have started to bear fruit. I also believe that another major reason for this success is the relationships of trust we have developed with customers over the course of many years. Over this time we have been responsible for the development, management, and operation of excellent buildings, and we have sought to maintain and improve service standards to ensure that we provide our customers with comfortable office spaces. Despite COVID-19, we have been able to quickly and earnestly meet the need for safe, secure buildings, which are in demand now more than ever, and have been able to reach an even higher level of trust and appreciation while maintaining a high occupancy rate as a result.

### Business Outlook for Fiscal 2021

#### amid COVID-19

While the future regarding COVID-19 remains unclear, commercial tenants, particularly restaurants, are dealing with a difficult business environment, having seen their sales activities hit particularly hard. We are therefore implementing measures that include deferring, reducing, or exempting rent payments for some of these tenants. On the other hand, offices are maintaining high occupancy at this point in time and the impact of COVID-19 has been limited. That being said, the vacancy rate in the overall office market continues to trend upward, and we expect a harsher business environment going forward. In addition to these environmental factors, the Company anticipates a drop in revenue and profit in fiscal 2021 due to closures of the Midosuji Daibiru Building and the Yaesu Daibiru Building for reconstruction.

If, however, we look at current market conditions from a medium- to long-term perspective, this past year was not all negative. The rapid rise in the number of people working from home prompted by COVID-19 in 2020, coupled with the more gradual trend associated with other work-style reforms, has led some to believe that office buildings will not be needed in the future. However, I think that the transition to teleworking has reaffirmed the value of working in an office for a number of companies. In fact, over the past year there have been several attempts to return to the office. Of course, spending every working hour at an office is not the best option for every occupation, but offices play a unique role as a place where we can obtain ideas and information, promote innovation, and increase the centripetal force and pride of a company in a way that cannot be done in a remote setting. For this reason, in the future there will be a greater need for office buildings with high added value—value that justifies making the conscious effort to commute—based on the widening functional differences between office work and telework. Fulfilling this need is in line with our mission statement, to “provide office spaces and environments that can win the trust and attachment of customers.” Outside of teleworking, the current concept of the ideal workplace is being affected by the diversification of work styles, utilization of digital technologies, the response to environmental issues, and a variety of other changes. We intend to gain an accurate understanding of these changing demands and use it to raise the appeal and utility of our office buildings.



## President's Message

### Key Measures for Fiscal 2021 and Progress under

#### Our Medium-Term Management Plan

In discussing the key measures for fiscal 2021, I would first like to bring up the reconstruction projects for the Midosuji Daibiru Building and the Yaesu Daibiru Building. The life cycle of a building is quite long—about 50 to 60 years. This means that when we embark on creating a building, we must conceive and examine the task from a long-term perspective and a variety of angles. This can include thinking about what kind of building we want to create in light of the growing health and safety concerns prompted by COVID-19, improvements in environmental performance, and the impact of the building on the local community. Regarding the Midosuji Daibiru Building, which is the further ahead of our two reconstruction projects, we have looked into what kind of value Daibiru should offer going forward, in light of the current state of society, changing values in a post-COVID-19 society, and the latest technological trends. We will do our utmost to make sure that the new buildings resulting from our reconstruction projects symbolize the next generation of the Daibiru brand.

Furthermore, in April 2021 we made the decision to participate in a new office building development project in Hanoi, Vietnam as part of our efforts to promote business overseas. Despite the headwind from COVID-19, our analysis shows that economic growth in Southeast Asia is still strong, particularly in Vietnam. The Group's business in Vietnam has won high praise for its work at the Saigon Tower in Ho Chi Minh City and the CornerStone Building in Hanoi, and we are moving steadily to lay the foundation for further growth, which includes boosting our local presence

and partnerships. This upcoming project will be our first overseas opportunity to start a project from square one, including land acquisition, design, and development, so I see it as a great chance for us to gather more expertise and knowledge for overseas development.

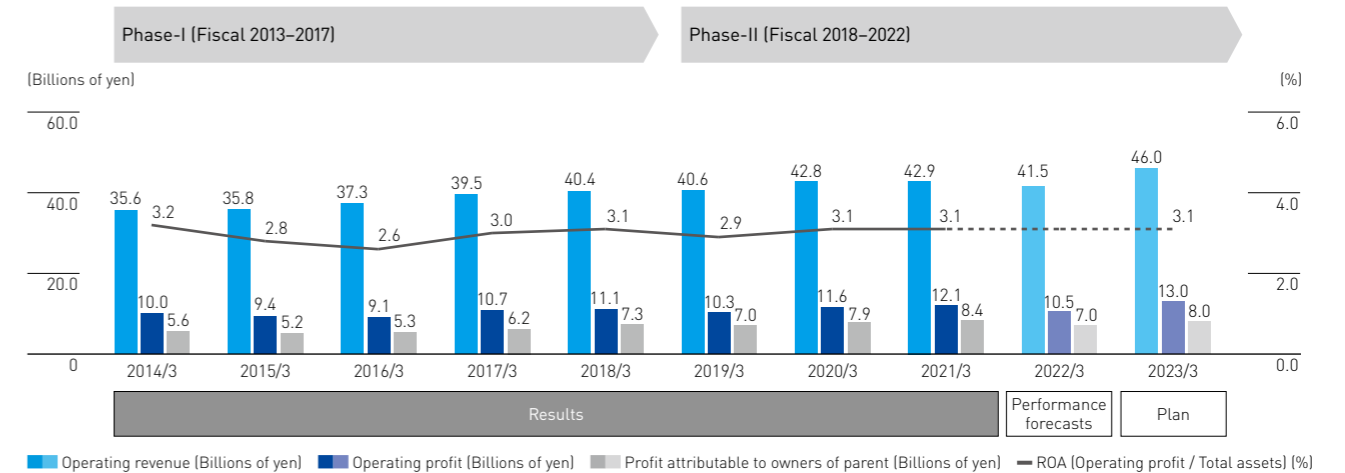
In fiscal 2020, however, market fluctuations caused by COVID-19 led to the postponement of new investment projects. This has had a slight impact on the investment plan laid out in our medium-term management plan, which had been progressing steadily up until that point. In Australia, 275 George Street, completed in December 2020, is currently struggling after facing leasing and construction delays stemming from COVID-19 and forest fires. Nevertheless, we believe that the building will eventually reach high occupancy thanks to its prime location in Sydney's central business district (CBD).

Currently, we have not adjusted the numerical targets for the final year of the medium-term management plan set prior to the onset of COVID-19, but we continue to keep a close eye on the situation regarding the pandemic and its impact on the economy and the real estate industry. There is a possibility that revisions to these targets may be necessary, and we hope for understanding should this be the case.

### Higher Capital Efficiency and Shareholder Returns

We are also continuing our work to improve capital efficiency. In addition to reconstruction projects with a high investment yield, the current medium-term management plan aims to improve return on equity (ROE) by expanding beyond our previous investment targets of large office buildings in central Tokyo and Osaka to include small and

### Quantitative Targets



medium-sized buildings, commercial buildings, and urban centers in other regions. There is a limit to how much we can improve return on assets (ROA) and ROE owing to the nature of the Group's business, but in the future we will sell non-core assets such as housing and invest in projects with higher investment efficiency as ways to keep updating our portfolio and improving capital efficiency.

Regarding capital policy, in fiscal 2020 we repurchased shares with the aim of increasing shareholder returns and improving capital efficiency, after taking into consideration stock price levels at the time and the record-high profits achieved in fiscal 2019. Going forward, we intend to continue offering shareholder returns in line with our fundamental policy of providing stable dividends with a payout ratio of 30% to 35%, while maintaining the internal reserves necessary to ensure a sound financial position and future business development.

management plan, in April 2021 we reorganized the CSR and Environmental Committee to form the Environment & Sustainability Committee, and we also formulated the Group's materiality—priority issues related to sustainability—which target a variety of social and environmental issues and show how the Group will deal with these issues going forward. In the future, we will discuss key performance indicators (KPIs) for monitoring efforts related to materiality. (See page 11 for details.)

### An Eagerness for the Future

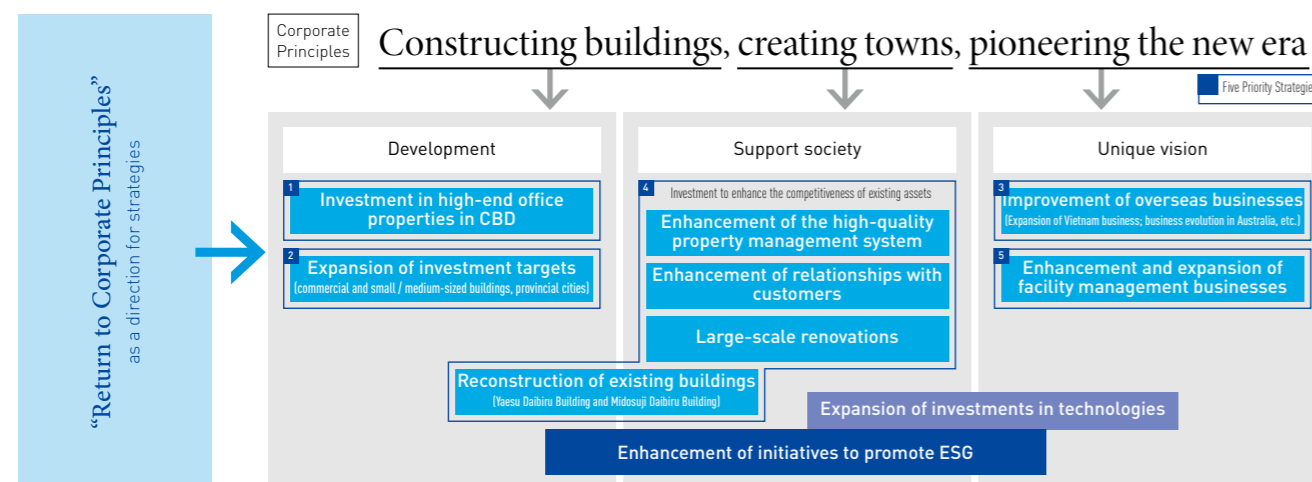
If you look into the history of the Group, you will see that we have faced several difficulties and hardships over the course of almost a century. However, we have dealt with them with an eye on the long term, which has allowed us to build the stable business model and brand that we have today. Now, the concept of the ideal office building is undergoing a major paradigm shift. While we must hold fast to our principles and the positive elements of the value that we provide, we must also maintain and refine these elements, and to do this we need to incorporate these new changes and evolve as a group. This requirement is expressed in the idea of "fluidity and immutability" that appears in haiku poetry. This concept strongly informs my thinking when I carry out my management duties. We will continue to take on challenges in a variety of ways, aiming at the sustainable improvement of corporate value in both fiscal 2021 and for the next 100 years. Accordingly, I will continue to welcome our stakeholders' great expectations of the Daibiru Group going forward and ask for their support in our endeavors.

### Daibiru's DNA

#### (Toward the Sustainable Development of Society)

In recent years, greater expectations have been placed on companies to help realize a sustainable society. At the same time, working to resolve social issues can bring to light business opportunities and risks that have a major impact on the sustainable growth of a company itself. When it comes to social contribution, we have always been well aware that "coexistence with nature" runs deep in the DNA of building development, but to clarify this relationship further, and to better incorporate coexistence with nature into our

### Medium-Term Management Plan "Design 100" Project Phase-II



## Medium-Term Management Plan

### Medium-Term Management Plan (Fiscal 2018–2022)

## “Design 100” Project Phase-II

“Daibiru Excellence” toward Sustainable, Innovative & Global Next 100 (Century)

### Return to Corporate Principles

—Progress of the Medium-Term Management Plan—

### Basic Policy

Daibiru will welcome its 100th anniversary in 2023, the year after the conclusion of the current medium-term management plan.

We will strive to push forward the boundaries of our business so that we can make further leaps ahead in the next 100 years.

The plan focuses on our core Corporate Principles, aiming for sustainable growth that enables us to continue developing properties and creating towns that support society and carry out our unique vision of urban development.

### Quantitative Targets

	“Design 100” Project Phase-II				
	FY2018 Results	FY2019 Results	FY2020 Results	FY2021 Forecasts	FY2022 Plan*
Operating revenue	40.6	42.8	42.9	41.5	46.0
Operating profit	10.3	11.6	12.1	10.5	13.0
Profit attributable to owners of parent	7.0	7.9	8.4	7.0	8.0
ROA (Operating profit / Total assets)	2.9%	3.1%	3.1%	—	3.1%
Debt-to-equity ratio	1.0 times	1.1 times	1.0 times	—	1.1 times
Dividend payout ratio	Stable dividends targeting a payout ratio of 30–35%				

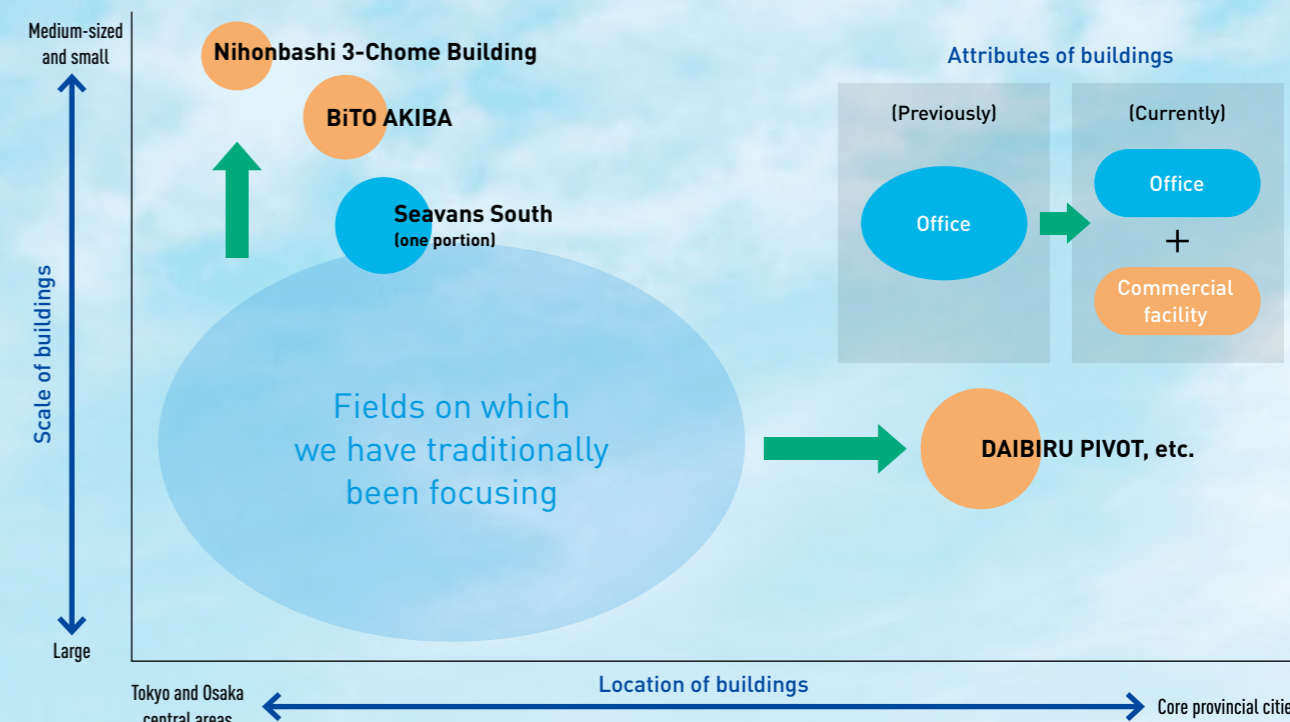
\* Depending on the impact of the spread of COVID-19, the Company may consider revising the plan for fiscal 2022.

### Five Priority Strategies

	Priority Strategies	Priority Strategies (Medium-Term Management Plan) Investment Plan (Fiscal 2018–2022)		
		Decided on Investment (Cash outflows during the plan)	Planned Investment Amounts (Total project cost)	
Investment for growth	<b>1 Investment in high-end office properties in CBDs</b> ⇒ Seavans South (one portion)	Approx. ¥31.0 billion	¥50.0 billion	
	<b>2 Expansion of investment targets</b> Commercial and small / medium-sized buildings, provincial cities ⇒ Nihonbashi 3-Chome Building, BiTO AKIBA, DAIBIRU PIVOT, etc.	¥65.0 billion		
	<b>3 Improvement of overseas businesses</b> Expansion of Vietnam business; business evolution in Australia, etc. ⇒ 275 George Street, office building development project in Hanoi	Approx. ¥22.0 billion	¥22.0 billion	
Enhancement of business bases	<b>4 Investment to enhance the competitiveness of existing assets</b> ⇒ Promotion of reconstruction of the Midosuji Daibiru Building and the Yaesu Daibiru Building Large-scale renovations of existing buildings, etc.	Approx. ¥13.0 billion	¥34.0 billion	
	<b>5 Enhancement and expansion of facility management businesses (Non-asset based)</b> ⇒ Acquisition of Nowatec Co., Ltd. by MDL Kosan Co., Ltd.			
	<b>Total</b>	<b>Approx. ¥66.0 billion</b>	<b>¥106.0 billion</b>	

### Phase-II Progress (Concept of Expansion of Investment Targets)

Extension of investment targets to “small and medium-sized office and commercial buildings in CBDs” and “core provincial cities,” in addition to “large office buildings in CBD”



### Acquisition, Development, and Reconstruction Pipeline

Steadily making progress with investment plans under the medium-term management plan

	FY2018	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024	FY2025	FY2026
New Nihonbashi 3-Chome Building		Acquisition							
New BiTO AKIBA		Construction	Grand opening						
New Seavans South (equity interest)			Acquisition						
New 275 George Street		Project acquisition	Construction	Scheduled completion and start of operation					
New Office Building Development Project in Hanoi					Participation				
Recon-struction Midosuji Daibiru Building		Reconstruction decided on		Closure	Construction	Scheduled completion			
Recon-struction Yaesu Daibiru Building		Reconstruction decided on		Closure	Construction	Scheduled completion			
Redevelop-ment DAIBIRU PIVOT, etc.			Acquisition	Examinations of redevelopment currently underway					

Medium-Term Management Plan

Maintaining and Enhancing the Competitiveness of Existing Assets

**1** Construction of an Office Building for the Post-COVID Era  
**Midosuji Daibiru Building Reconstruction Progress**

- Overview**
- Scheduled for completion in fiscal 2023
  - Situated to serve as a node between the office district and commercial district
  - Pedestrians and activity are expected to increase in line with the future removal of sideroads in the Midosuji area



From the draft of the "Midosuji Future Vision" by the Midosuji 80th Anniversary Project Promotion Committee



Location	4, Minami-kyuhohjimachi, Chuo-ku, Osaka
Site area	1,483 m <sup>2</sup> (449 tsubo)
Gross floor area	Approx. 20,300 m <sup>2</sup> (approx. 6,100 tsubo)
Number of stories	20 floors above ground, 1 floor below ground
Structure	Steel frame construction (partially steel frame reinforced concrete construction)
Usage	Office and retail (planned)
Design	Nikken Sekkei Ltd.
Construction	Obayashi Corporation

**Concept** **Your Premium, Your Workplace**

Able to work in the best environment for you, always.

This premium feature can be found here, in the next-generation workplace.

This is a workplace that accommodates the diverse work styles of a post-COVID era.

A variety of spaces by the second-floor entrance, such as a tenant-only lounge for meetings and solo work, a green terrace where one can take in the view of Midosuji's ginkgo trees, and a cafe, are being planned as a way to ensure that workers can choose the best environment to suit their mood or purpose.



**2** Rebuilding Our Flagship Building near Tokyo Station  
**Yaesu Daibiru Building Reconstruction Progress**

- Overview**
- Scheduled for closure at the end of 2021
  - Aimed at completion in fiscal 2025
  - The Yaesu Daibiru Building is located in the Yaesu area near Tokyo Station and is directly connected to the Yaesu underground shopping mall, making it a premium, highly convenient building in a prime location, and a building that is not easily affected by fluctuations in the office market.



Location	1-1-1, Kyobashi, Chuo-ku, Tokyo
Site area	1,949 m <sup>2</sup> (590 tsubo)
Design	Nikken Sekkei Ltd.

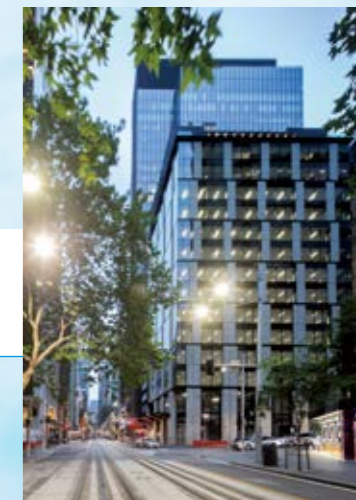
Improvement of Overseas Businesses

**3** Completion of Our First Project in Australia  
**275 George Street**

- A Prime Location**
- Located in the CBD of Sydney, Australia's largest city, next to Wynyard Station, one of the city's major railway stations
  - Construction of light rail streetcars and a subway line as well as redevelopment of the surrounding area are ongoing, making the location even better in the future

- A High-Quality Building**
- Offices for lease match most in-demand size among tenants in the local market (approx. 500 m<sup>2</sup> per floor).
  - Has acquired 5 Star Green Star certification for environmental performance, with plans to acquire 5 Star NABERS Energy certification
  - Equipped with tenant amenities that include lockers, shower rooms, and a parking area for bicycles

- A Reliable Building Management System**
- Local subsidiary Daibiru Australia Pty Ltd is responsible for overall management, and Nuveen Real Estate (a major real estate manager with assets under management exceeding ¥10 trillion worldwide) is the investment advisor. CBRE, a major real estate services company, is the property and facility manager.



Location	275 George Street, Sydney, NSW, Australia
Site area	634 m <sup>2</sup> (192 tsubo)
Total lettable area	7,298 m <sup>2</sup> (2,208 tsubo)
Number of stories	15 floors above ground, 3 floors below
Structure	Reinforced concrete construction
Usage	Office and retail
Design	Architectus
Construction	John Holland Group
Completed	December 10, 2020

Strengthening and Expanding the Facility Management Business

**4** Strengthening Non-Asset-Based Business  
**Acquisition of Nowatec Co., Ltd. by MOL Kosan Co., Ltd.**

- Overview**
- Acquired on August 4, 2020 (acquired all shares)
  - Has strengths in electrical equipment, automatic control equipment, and other types of equipment through the use of instrumentation technology, an area with few competitors
  - Enhance collaboration among Group companies and pursue synergies

- Goals**
- Utilize M&A to add technological capabilities to MOL Kosan's existing sales capabilities and grow as a comprehensive building maintenance business



(Nowatec's Management Philosophy)

今こそ技術を高め未来に必要な価値ある企業へ

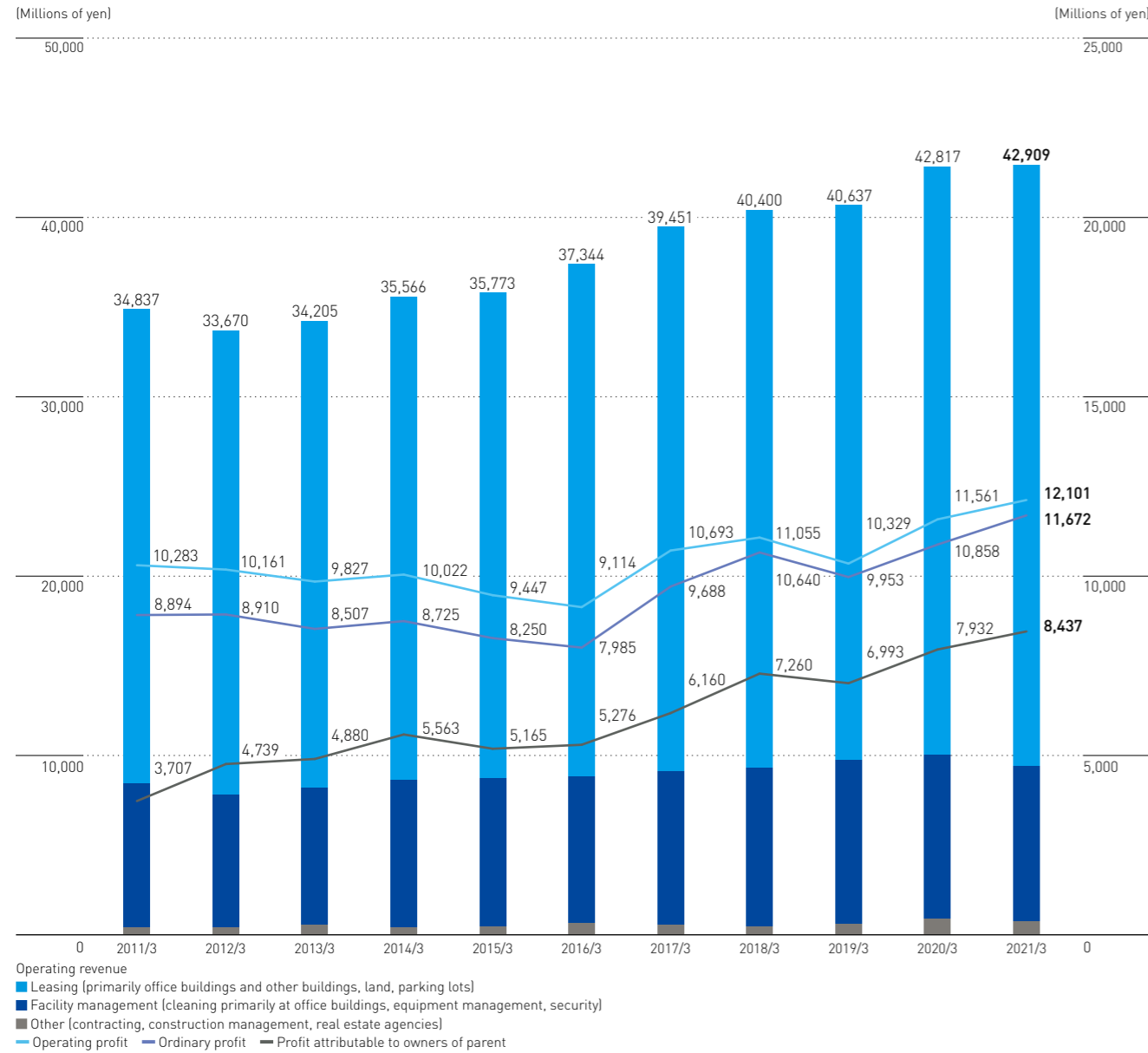
Now, a technology for future.

Note: Nowatec's management philosophy includes the name of the company.

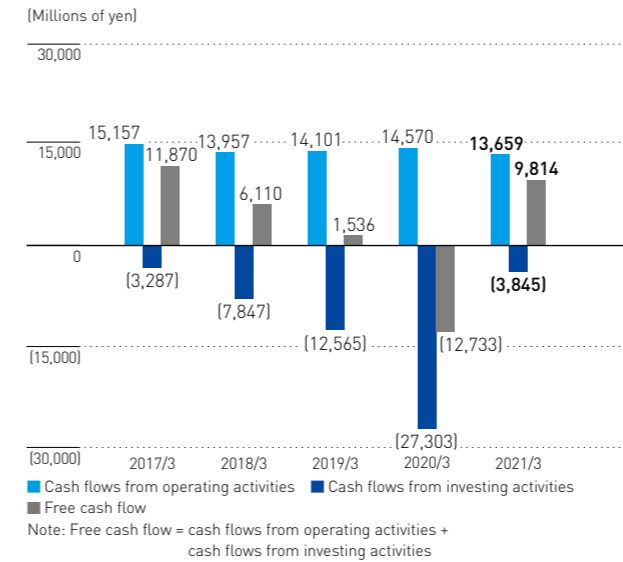
Business description	Equipment work and maintenance (electrical equipment, automatic controls, air conditioning, disaster prevention equipment)
Capital	¥20 million
Establishment	July 1993
Head office	Fukaya, Saitama Prefecture
Number of employees	30

# Financial Highlights

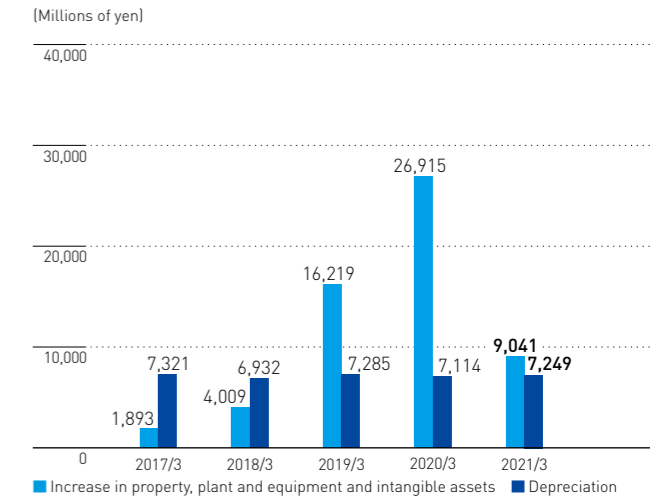
## Operating Revenue, Operating Profit, Ordinary Profit, and Profit Attributable to Owners of Parent



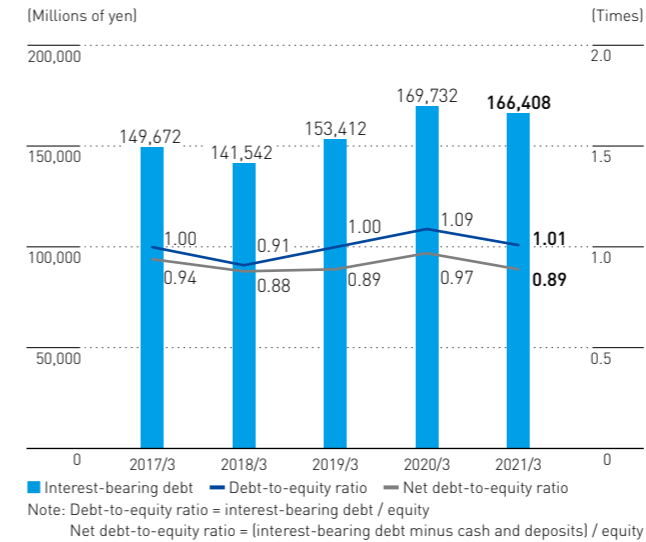
## Cash Flows



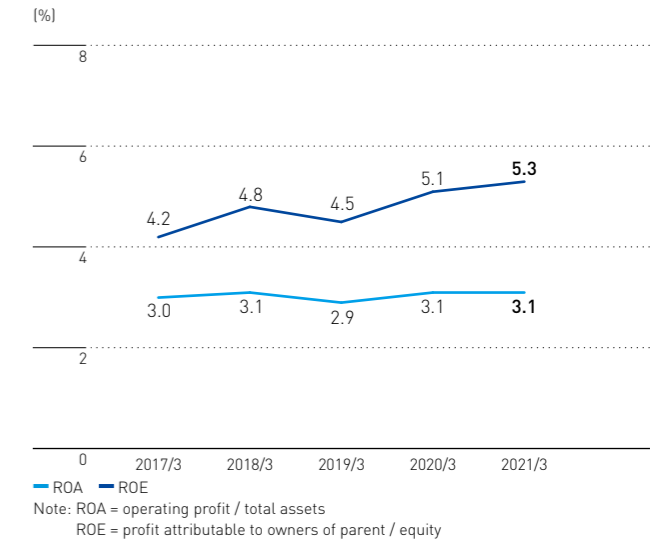
## Increase in Property, Plant and Equipment and Intangible Assets / Depreciation



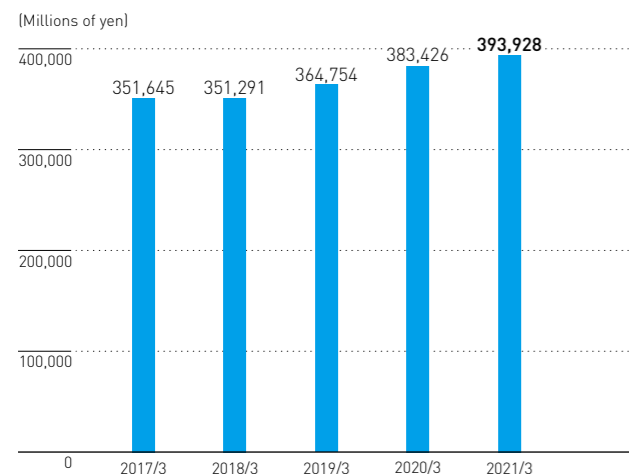
## Interest-Bearing Debt / Debt-to-Equity Ratio



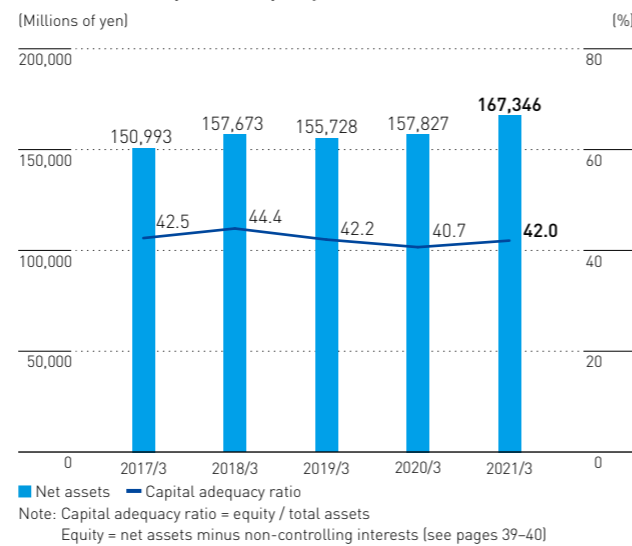
## ROA / ROE



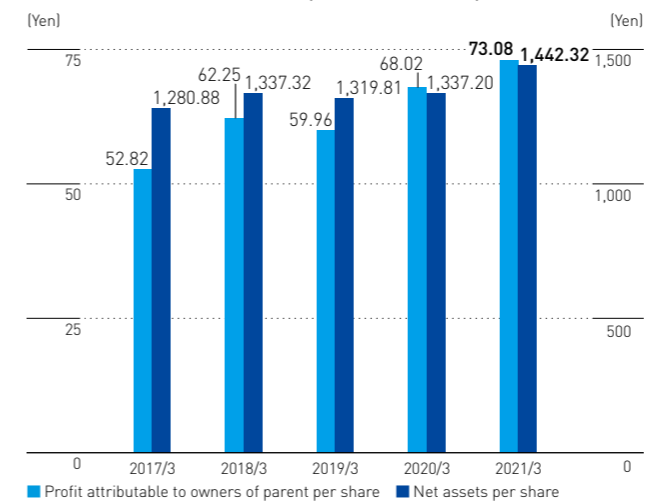
## Total Assets



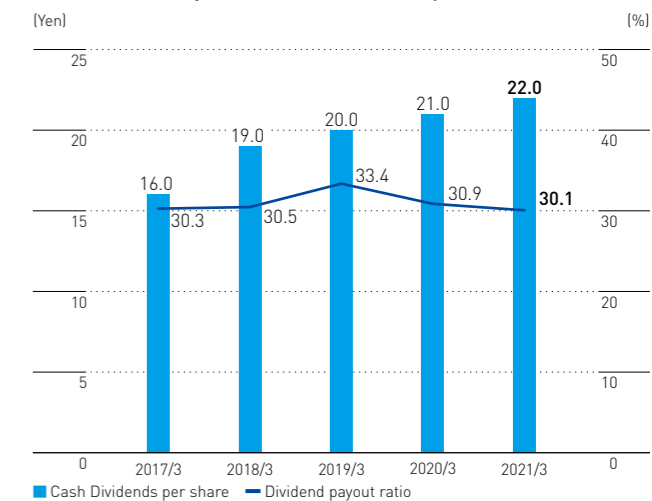
## Net Assets / Capital Adequacy Ratio



## Profit Attributable to Owners of Parent per Share / Net Assets per Share



## Cash Dividends per Share / Dividend Payout Ratio

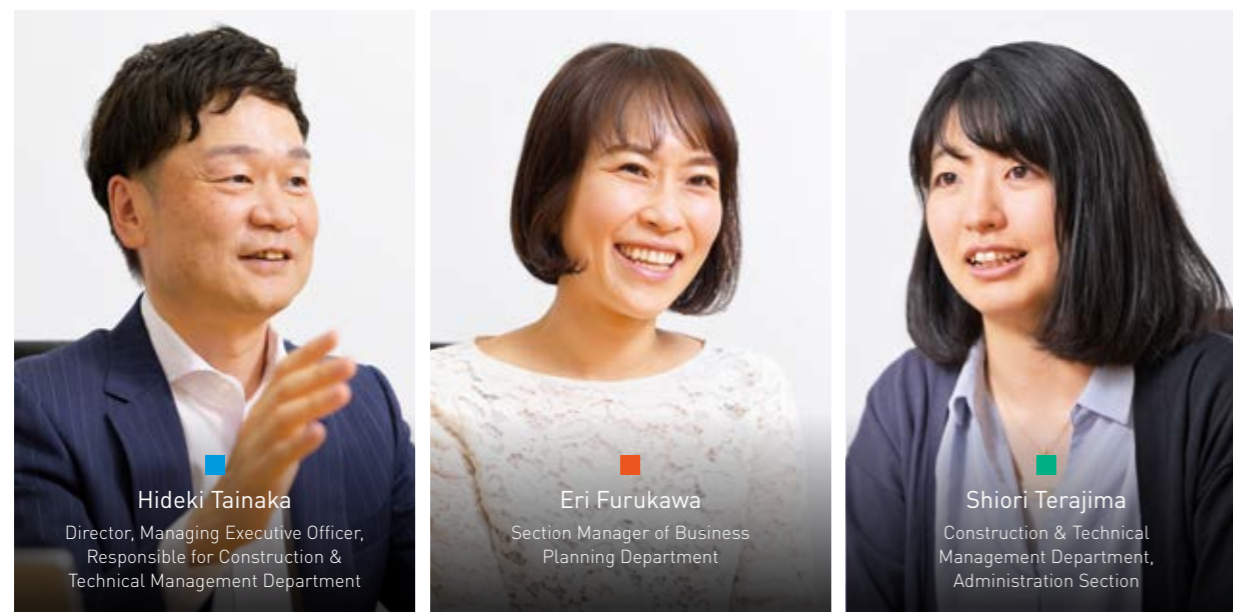


## Special Feature: Initiatives by the Brand Strategy Committee

# The fusion of tradition and innovation. Daibiru will go forward as a beloved company, continuing with the next generation.

What kind of value should the Daibiru Group offer society amid the changing times?

In this special feature, we asked members of the Brand Strategy Committee about the significance of efforts to review the Company's brand value, the important points and processes that go into moving discussions forward, and aspirations for the future.



**Hideki Tainaka**  
Director, Managing Executive Officer,  
Responsible for Construction &  
Technical Management Department

**Eri Furukawa**  
Section Manager of Business  
Planning Department

**Shiori Terajima**  
Construction & Technical  
Management Department,  
Administration Section

### Significance of the Brand Strategy Committee

**Mr. Tainaka** The Brand Strategy Committee was established in 2019. Today, every facet of society is undergoing rapid change. This applies to the office building market as well, where, even before COVID-19, the value of a building in and of itself was shifting because of advances in information technology, the onset of work-style reforms, and other reasons. These developments provided a necessary opportunity for us to make changes as a company, which we are doing by reexamining the kind of value we want to provide to society in light of the changing times and then getting our employees on the same wavelength.

**Ms. Furukawa** Reassessing brand value is a rather difficult thing to do. This is because the nature of our discussion differs completely depending on the trajectory of the tasks involved, and incorporating questions about which audience we are targeting and what kind of time frame we

are looking at. We are seeing a major upheaval in the purpose of office buildings owing to work styles brought about by COVID-19. As these changes unfold, I believe that, ultimately, our brand value should serve as a guidepost for Group employees to reaffirm what our actions should be going forward, and as a means to encourage employees to transform their ways of thinking.

**Ms. Terajima** It was decided that the goals of the committee would not be limited to matters outside the Company but would



also involve in-company matters, so we chose to make all employees part of the discussions. I would like the committee to help trigger a major change in the awareness of future work styles in all employees, myself included.

### Important Points When Reviewing Brand Value

**Ms. Furukawa** When actual discussion goes forward, we are very careful to make sure that all employees feel they are part of the process. The reason we are so careful is the belief that if we are not getting the opinions of those who work on the front lines, then efforts to truly think about our brand value, and subsequent efforts to disseminate this brand value, will be in vain. To make this brand value project a true Companywide operation, we are coming up with workshop contents, distributing videos and interview articles, putting up in-Company posters, and taking many other steps to ensure that employees have a continued awareness of brand value as part of their day-to-day life.

**Ms. Terajima** Previously, there was no official channel to talk about the Company, even for day-to-day matters. I think the activities of the committee provide a very valuable opportunity for us to gather these opinions.

**Mr. Tainaka** As activities of the committee go forward and build synergistic positive momentum, opportunities arise for employees to make suggestions regarding process. I am also quite impressed to see young people and people from other departments—people we usually do not get to hear from—put forth passionate opinions. It is a reminder that the Company really does have excellent human resources.

**Ms. Furukawa** Another thing worth noting is that these efforts are focused on our image of what we would like Daibiru to be 10 years from now. If we stay too locked in on Daibiru in the present day, our thinking will be limited to an extension of the Company's current actions. As a result, I try to approach discussions using the concept of backcasting. But with that said, I also have a strong desire to move ahead while holding fast to the things that have been important to Daibiru to date. The goal, then, should be to have a company that preserves its vital qualities while remaining able to respond flexibly to changing times.

**Mr. Tainaka** My thoughts exactly. In addition to our commitment to good locations and high quality, expressed in our corporate slogan, "Daibiru Excellence," I would like the Company to incorporate new ideas and concepts such as the introduction of new technologies or measures that place a greater emphasis on urban development than before.

**Ms. Terajima** Even at workshops, discussions revolved around "the value we should continue to provide going forward," in addition to "the new value we will provide going forward."

Like the others, I think it is important that we have organized discussions to acknowledge the value we have provided to date, as opposed to focusing entirely on the future. I also find it impressive that, when trying to put the Company's brand value into words, the committee was unflinching in its commitment to discuss every opinion received from within the Company.

### Aspirations for the Future

**Ms. Furukawa** The many discussions that took place in fiscal 2020 have allowed us to contemplate our brand value. We are preparing measures to help disseminate the content of these discussions, including an in-house social networking service (SNS) and opportunities for direct communication between employees and management through small group discussions. My hope is that the current wave of activities by the Brand Strategy Committee will serve as a launching pad for transforming the Company into one with more active communication than ever before.

I think that giving employees the opportunity to talk with each other and think seriously about the future of the Company is a very good thing, so I would like to continue with workshops and other efforts.

**Ms. Terajima** I want to keep up active communication so that I can serve as a bridge between young employees, the Brand Strategy Committee, and management. I have rediscovered the Company's strengths and merits, and I would like to continue efforts I am involved with, bearing the strengths and merits in mind.

**Mr. Tainaka** I am in charge of reconstruction of the Midosuji Daibiru Building and the Yaesu Daibiru Building, both of which are currently underway. It is important that these buildings inherit the solid traditions that Daibiru has cultivated to date while incorporating the new perspectives that have come from this round of the committee's discussions. This is especially important for reconstruction of the Midosuji Daibiru Building, which is the further along of the two buildings, as it is the best opportunity to display the efforts of the committee, and I believe that my greatest mission is to make these efforts something people can see.

The brand value project will continue moving forward. We will continue our utmost efforts to keep creating buildings beloved by the next generation for many years to come.

# Materiality of the Daibiru Group

→ See page 12 for information on the Daibiru Group's materiality

Materiality

## Provide Optimal Offices for Changing Times



Themes

- Support greater tenant productivity with safe, secure, and comfortable offices
- Optimize offices with consideration for diversity and diversifying work styles
- Enrich the lives and activities of office workers
- Develop next-generation offices utilizing the IoT and digital technologies
- Redefine the role of the office in a COVID-19 and post-COVID-19 society

Opportunities	Existing Measures
<ul style="list-style-type: none"> <li>Increased added value for office buildings by accommodating the diversification of office workers in terms of gender, age, and nationality</li> <li>Greater demand for facilities and services to support a variety of lifestyles popularized by remote work</li> <li>Expanding demand for safe and hygienic facilities</li> <li>Higher value provided by office buildings through the use of digital technologies</li> </ul>	<ul style="list-style-type: none"> <li>Provide high-quality buildings in good locations and dedicated services that result in refined spaces with a sense of security</li> <li>Gain customer trust by fostering close, face-to-face relationships with sales representatives</li> <li>Create comfortable spaces planned to the last detail through facility management conducted as a unified group</li> <li>Leverage integrated management, from development to reconstruction, to meet customer requests for building quality</li> <li>Pursue health and comfort at offices amid a society dealing with COVID-19 by installing non-contact systems, temperature sensors, and disinfectant stations</li> </ul>
Risks	Measures to Be Implemented
<ul style="list-style-type: none"> <li>Decrease in demand for office buildings due to the popularization of remote work</li> <li>Decline in demand for office buildings due to a drop in the working population stemming from the falling birthrate and aging population</li> <li>Drop in the competitiveness of existing buildings due to technological innovations</li> <li>Increased competition from companies with strengths in information technology joining the industry</li> <li>Obsolescence of existing business models due to the spread of the sharing economy</li> </ul>	<ul style="list-style-type: none"> <li>Pursue the next generation of office buildings best suited to accommodate diversifying work styles</li> <li>Provide office environments that take into consideration the diversification of office workers</li> <li>Develop the value offered by office buildings by utilizing and introducing information technology</li> <li>Create a system that will enrich the lives and activities of office workers</li> </ul>

### Creating Buildings

As pioneers in the office building industry, we have been providing buildings optimized for their locations for nearly a century, working in line with our Corporate Principles of "Constructing buildings, creating towns, pioneering the new era."

#### Buildings for the New Era

Daibiru made its first mark in 1925, with the completion of the former Daibiru-Honkan Building, a full-fledged office building for lease and a pioneering effort for the time.

Turning to the present day, the requirements in workplace conditions, such as the need to support worker wellness and show high environmental performance, are changing rapidly. When planning the new Midosuji Daibiru Building, which is currently undergoing reconstruction, employees from departments involved in the building repairs and planning met with employees from the sales department, who keep in close contact with tenants, to ensure that we could create a building in line with the times. Similarly, we held workshops with the design company to think of ways to ensure a building suited to the new era. The result of these efforts is the concept of "Your Premium, Your Workplace," which inspired the project plan shown on page 19.

### Renovations and Large-Scale Repair Work

We strive to improve the functionality of buildings that have been standing for a certain number of years by conducting renovations and large-scale repair work at the right time.

#### Renovation of the Hibiya Daibiru Building

The Hibiya Daibiru Building was reconstructed in 1989, making it a state-of-the-art building for its time. However, from 2013 to 2016 we conducted renovations to raise the value of the building further in terms of functionality. Specifically, we renovated common areas such as the entrance and bathrooms, in addition to improving the functions of building equipment, primarily by updating the building's electrical and air conditioning systems. As another renovation related to BCPs, we installed an emergency generator that can provide power for 48 hours. We also renovated elevators as a countermeasure to mitigate long-period ground motion during earthquakes. Efforts like these to improve the functionality of the building have won high praise from customers and maintain or increase competitiveness.

Materiality

## Be Rooted in the Community and Develop alongside Towns



Themes

- Bring the Group's quality and services to more areas and people
- Support disaster-resistant urban development
- Work with communities toward collaborative value creation with a long-term perspective

Opportunities	Existing Measures
<ul style="list-style-type: none"> <li>Increased need for offices with high BCP responsiveness due to the intensification of natural disasters</li> <li>Greater demand for operators involved in long-term urban development</li> <li>Expanded demand for good office environments in line with the growth in emerging economies in Asia</li> <li>Higher service quality owing to value created in close collaboration with local communities</li> </ul>	<ul style="list-style-type: none"> <li>Contribute to local development and revitalization in cooperation with companies in the area of a building (Nakanoshima, etc.)</li> <li>Collaborate with local governments to participate in public-private partnership projects and other efforts (Akihabara, etc.)</li> <li>Utilize knowledge cultivated through domestic business to expand overseas development of high-quality office buildings</li> <li>Pursue development of disaster-resistant buildings with higher earthquake resistance and flood control measures</li> </ul>
Risks	Measures to Be Implemented
<ul style="list-style-type: none"> <li>Decreased asset value due to intensification of natural disasters, as well as increased costs for maintenance and countermeasures</li> <li>Appearance of geopolitical risks and disaster risks due to the geographical concentration of owned properties</li> <li>Depopulation in areas of operation and decline in working population</li> </ul>	<ul style="list-style-type: none"> <li>Work with local residents to increase value of buildings and their surrounding areas, in addition to collaborating with local governments and companies</li> <li>Create buildings that serve as city infrastructure, with the ability to become base locations during times of disaster, capable of providing support for people who cannot return home</li> <li>Serve as a gathering point for the community in times of disaster, with functions at buildings that include spaces that can serve as evacuation areas</li> </ul>

### Coexistence with the Local Community

In addition to high-quality and comfortable spaces, we operate under the theme of coexistence with local communities and towns. For instance, in Nakanoshima in the city of Osaka, where our head office is located, we work together with local companies as active participants to revitalize these areas and raise their appeal.

#### Nakanoshima Litter Cleanup Activities

Since 2012, we have been involved in litter cleanup activities that, as a general rule, take place every year along walkways and the surrounding area from Oebashi to Tamaebashi, two bridges that cross the Dojima River, working with local companies in the Nakanoshima area of Osaka.

#### Nakanoshima West Water Sprinkling Project

Since 2013, we have been carrying out the annual Nakanoshima West Water Sprinkling Project in the Nakanoshima area of Osaka alongside local companies. This project involves sprinkling water on streets, a technique long used by Japanese people to create a cool sensation in summer, as a way to curb the heat island effect.

#### Living Architecture Museum Festival Osaka (Open House Osaka)

We participate in the Living Architecture Museum Festival Osaka, which is the Osaka equivalent of Open House London, opening buildings to the general public free of charge so that people can experience architecture first-hand. To date, we have provided guided tours of our buildings and opened up halls in our buildings for photography. Since the onset of the COVID-19 pandemic, we have published digital tour contents as well. (Similar to 2020, the 2021 event will be focused on virtual content.)

### BCP Response

As a building operator and developer that provides urban infrastructure, we supply disaster-resistant buildings which emphasize seismic performance and business continuity.

#### Reliable Seismic Performance

All of our buildings meet legal standards for seismic performance. In addition, some of the buildings have adopted seismic control systems and feature exceptional seismic performance. Other measures include a system that utilizes sensors to bring elevators to a safe stop in the event of an earthquake.

#### Introduction of an Emergency Power Supply

Some buildings are equipped with emergency generators that can provide long-term power to leased offices in addition to common areas. When existing buildings undergo renovation, we take additional measures such as increasing the capacity of these emergency generators and extending their operating time.

#### Disaster Prevention Drills

We conduct annual disaster prevention drills at our office buildings to ensure that the people who work in them can do so with peace of mind. Training is aimed at raising the knowledge of tenants as it pertains to disasters. Therefore, during training we confirm evacuation routes and collaborate with local fire departments to conduct training sessions on the roofs of our buildings, where participants can train in real smoke and handle fire extinguishers.

## Materiality of the Daibiru Group

Materiality

# Provide Eco-Friendly Buildings to the Next Generation



### Themes

- Improve the environmental performance of Company-owned buildings
- Reduce the environmental impact of buildings over their life cycle
- Coexist with the natural environment
- Visualize and disclose the environmental performance of our buildings and the environmental value they provide to society

Opportunities	Existing Measures
<ul style="list-style-type: none"> <li>• Increased demand for offices with low environmental impact</li> <li>• Greater corporate brand strength resulting from trailblazing efforts</li> <li>• Higher valuation in the capital markets and lower funding costs due to greater sustainable investment</li> </ul>	<ul style="list-style-type: none"> <li>• Improve the environment performance of Company-owned buildings by installing equipment with high energy-saving capabilities</li> <li>• Reduce the environmental impact of buildings over their life cycle</li> <li>• Increase energy efficiency by utilizing river water (Nakanoshima)</li> <li>• Create buildings with consideration given to the environment and biodiversity (greenification of rooftops and surrounding areas, etc.) and conduct post-construction follow-up</li> <li>• Monitor environmental data such as energy use and CO<sub>2</sub> emissions</li> <li>• Promote waste reduction and recycling</li> </ul>
Risks	Measures to Be Implemented
<ul style="list-style-type: none"> <li>• Drop in corporate brand power due to delayed investment and adoption of eco-friendly technologies</li> <li>• Higher real estate development and renovation costs due to environmental regulations</li> <li>• Appearance of procurement risks due to resource depletion</li> <li>• Higher funding costs due to a delayed response to environmental issues</li> </ul>	<ul style="list-style-type: none"> <li>• Improve environmental performance of Company-owned buildings further to achieve zero emissions buildings</li> <li>• Increase the proportion of renewable energy to help achieve a decarbonized society, with initiatives that include introducing facilities that utilize emissions-free electricity and solar power</li> <li>• Visualize and disclose the environmental performance of our buildings and the environmental value they provide to society</li> <li>• Raise funds via green bonds and similar methods</li> <li>• Participate in demand response programs*</li> </ul> <p>* Programs that provide payments or other benefits to large energy users that agree to voluntarily reduce their energy demand during times of grid stress</p>

In keeping with its Environmental Policy, and in an effort to help with the sustainable development of society, the Group is working to create towns with lush greenery and low environmental impact. We also cooperate with stakeholders such as customers, local communities, and business partners to promote coexistence with the natural environment.

### Environmental Policy of the Group

#### 1. Coexisting with the Natural Environment

Strive to minimize the environmental impact at every business stage—from planning to design, construction, operation, and demolition—with the aim of creating natural and environmentally friendly urban environments.

#### 2. Contribute to Global Warming Countermeasures and the Creation of a Recycling-Based Society

Work to prevent global warming by conserving resources and energy and utilizing renewable energy to curb the generation of greenhouse gases, and contribute to the development of a recycling-based society by reducing waste and reusing/recycling resources.

#### 3. Establish Frameworks for Environmental Conservation

Set goals and guidelines and establish frameworks for environmental conservation.

#### 4. Improve Awareness of Environmental Conservation

Through environmental education and awareness activities, strive to enhance group employees' awareness of environmental conservation.

#### 5. Cooperate with Stakeholders

Work closely with our stakeholders, including customers, local communities, and business partners, to promote coexistence with the natural environment.

#### 6. Comply with Environmental Laws and Regulations

Comply with environmental laws and regulations to ensure that our activities harmonize with the natural environment.

## Response to Climate Change: Global Warming Countermeasures and Contributing to the Creation of a Recycling-Oriented Society

**Reduce Greenhouse Gas (CO<sub>2</sub> Emissions) and Control Energy Use**  
The CO<sub>2</sub> emissions\*<sup>1</sup>, energy use, and their respective intensity (per operating floor area) from Company buildings\*<sup>2</sup> over the past five fiscal years are shown in the charts below. Although the operating area and the amount of energy use vary from year to year, intensity is on a downward trend due to initiatives aimed at reducing environmental impact, with the impact of COVID-19 also playing a role in fiscal 2020.

### Lower Environmental Impact of Air Conditioning

In addition to the use of low-emissivity (Low-E) glass in windows, we utilize louvers and eaves in buildings equipped with them to shield offices from sunlight, dissipating solar radiation and reducing the need for air conditioning. This system also monitors CO<sub>2</sub> concentrations to increase or restrict the cooling effect from outside air during times of the year when temperatures are moderate

### Transition to LED Lighting at Existing Buildings

We are taking active steps to switch to LED lighting, which has a long life and highly efficient energy consumption and is eco-friendly. We plan to complete the transition by roughly 2024, which is ahead of the original schedule, having met approximately 40% of the overall target as of March 31, 2020.

### Adopt Emissions-Free Energy

We are considering the adoption of emissions-free power\*<sup>3</sup> toward the realization of a carbon-free society.

### Reuse and Conservation of Water Resources

The charts below show water use and intensity at Company buildings\*<sup>2</sup> (per square meter of floor area) over the past five fiscal years. In fiscal 2020, the amount of water use was reduced by about 25% compared to fiscal 2016, and by about 28% in intensity, as a result of fewer people utilizing the buildings due to COVID-19. The Company strives to utilize water resources effectively through

efforts such as adopting the latest sanitary fixtures when renovating or constructing new buildings as well as utilizing rainwater for irrigation.

### Reduction of Waste Emissions and Promotion of Recycling

The waste emissions and intensity (per operating floor area) of our properties\*<sup>4</sup> over the past five fiscal years are shown in the charts below. Waste emissions have varied with each fiscal year for reasons that include the acquisition of properties, but intensity is on a downward trend. The Company strives to minimize waste emissions and has established a system for the sorted collection of waste to promote recycling.

### Reduction of Waste and Proper Disposal throughout the Life Cycle of Buildings

A variety of waste is generated during the construction and demolition of a building. We manage and dispose of harmful substances and substances that pollute the environment in a proper manner and in accordance with laws and regulations. In addition, we collect and reuse concrete waste and chlorofluorocarbons and lithium bromide used in air conditioning equipment. As part of the ongoing demolition and reconstruction of the Midosuji Daibiru Building, the materials from the underground body of the existing building are being used for an earth retaining wall. We strive to reduce waste in the operating stage as well. To do this, and to promote recycling, we have established a system for the sorted collection of waste.

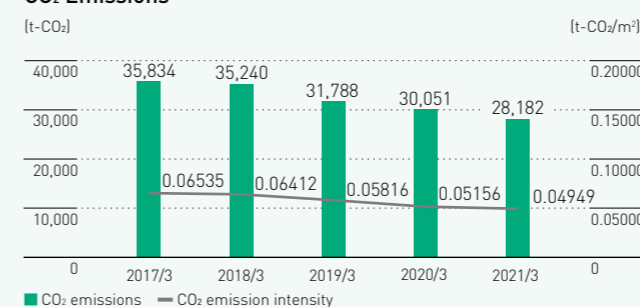
\*1 Scope of data: 27 office and commercial buildings owned by the Company (buildings subject to the Act on the Rational Use of Energy)

\*2 Calculated using emissions coefficients by energy supplier; therefore, CO<sub>2</sub> emissions and emission intensity are impacted by fluctuations in these coefficients.

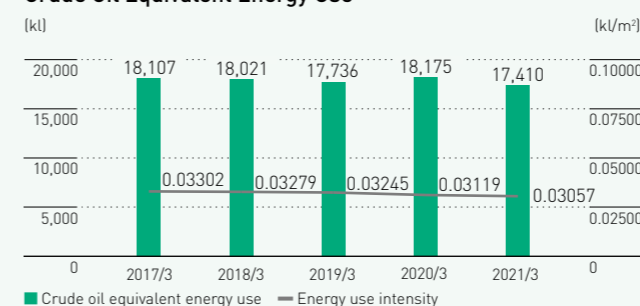
\*3 Electricity derived from renewable energy sources with net-zero CO<sub>2</sub> emissions as proven through non-fossil fuel energy certificates

\*4 Scope of data: Among buildings subject to the Act on the Rational Use of Energy, office and commercial buildings owned by the Company for which calculation is possible

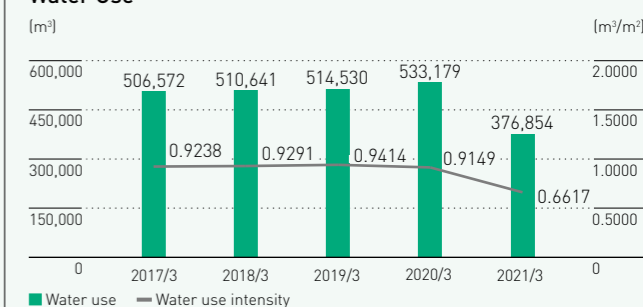
### CO<sub>2</sub> Emissions



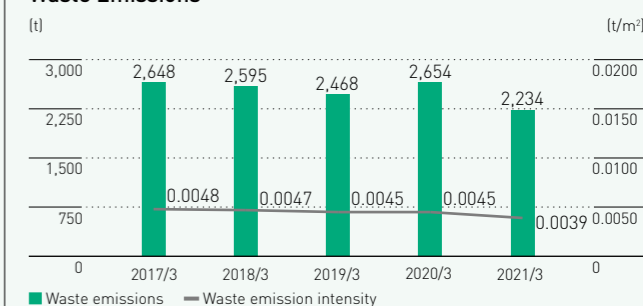
### Crude Oil Equivalent Energy Use



### Water Use



### Waste Emissions



## Materiality of the Daibiru Group

### Materiality

## Provide Eco-Friendly Buildings to the Next Generation

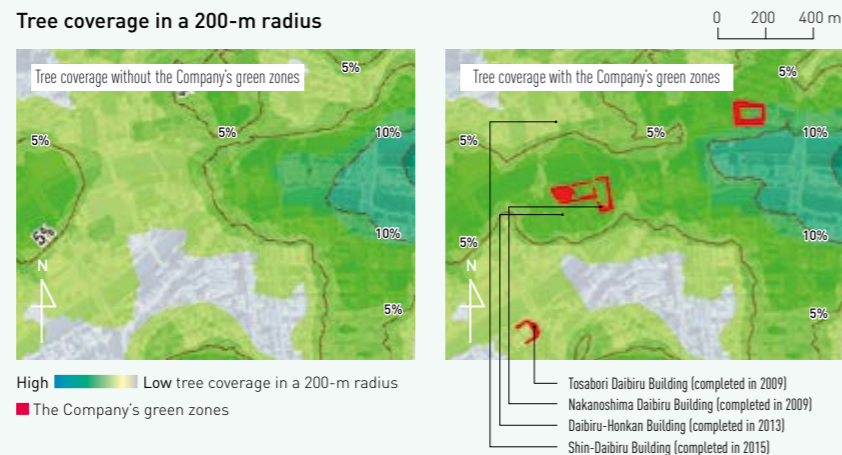
### Coexistence with the Natural Environment

#### Assessment of Contribution of the Company's Green Zone over a Wide Scale

The Daibiru-Honkan Building, the Nakanoshima Daibiru Building, the Shin-Daibiru Building, and Tosabori Daibiru Building all have green zones on their premises. The images at right show tree coverage in a 200-m radius, comparing the case where the Company's green zones exist with the case where they do not exist. Tree-dwelling birds such as the Japanese great tit live in green zones that are dotted over the city center.

The Company's green zones link the split green zone network, contributing to the vitalization of the avian ecosystem.

#### Tree coverage in a 200-m radius



#### Ecosystem of the Shin-Daibiru Building Dojima-no-mori

The Shin-Daibiru Building Dojima-no-mori carries on the spirit of the rooftop tree garden of the former Shin-Daibiru Building, with the concept of "a forest that is friendly to people as well as other living things." Some of the trees grown on the rooftop garden of the former Shin-Daibiru Building were transplanted to a temporary location for the purpose of conservation during reconstruction, and then transplanted again to the new building, with more native trees added. This resulted in the creation of a green zone covering approximately 1,000 *tsubo* (about 3,300 m<sup>2</sup>), the same size as the former rooftop garden. Through these initiatives, the Company was awarded the highest rating of "AAA" from the Japan Habitat Evaluation and Certification Program (JHEP), which evaluates contributions to the ecosystem. This marked the first time that a company in western Japan received the highest score. To ascertain the level of contribution to the ecosystem, an external organization monitored organisms there, and as a result, it confirmed that a specific level of food chain had been established in Dojima-no-mori. A habitat in the urban area like this is precious for birds and insects, and its contribution to the ecosystem was highly evaluated.

#### Results of Organism Monitoring at the Shin-Daibiru Building Dojima-no-mori

**Monitoring Period**  
 First period: April 2016 to March 2017  
 Second period: April 2020 to March 2021

#### Species Confirmed by On-Site Survey

**Bird species**  
 First period: 15 species  
 Second period: 18 species  
 Confirmed species include the Japanese great tit, brown-eared bulbul, Japanese bush warbler, Asian stubtail, Oriental turtle dove, and the Japanese white-eye.

**Insect species**  
 First period: 54 species  
 Second period: 68 species  
 Confirmed species include the Asian mantis, the blue-tailed forest hawk dragonfly, and the common bluebottle butterfly.

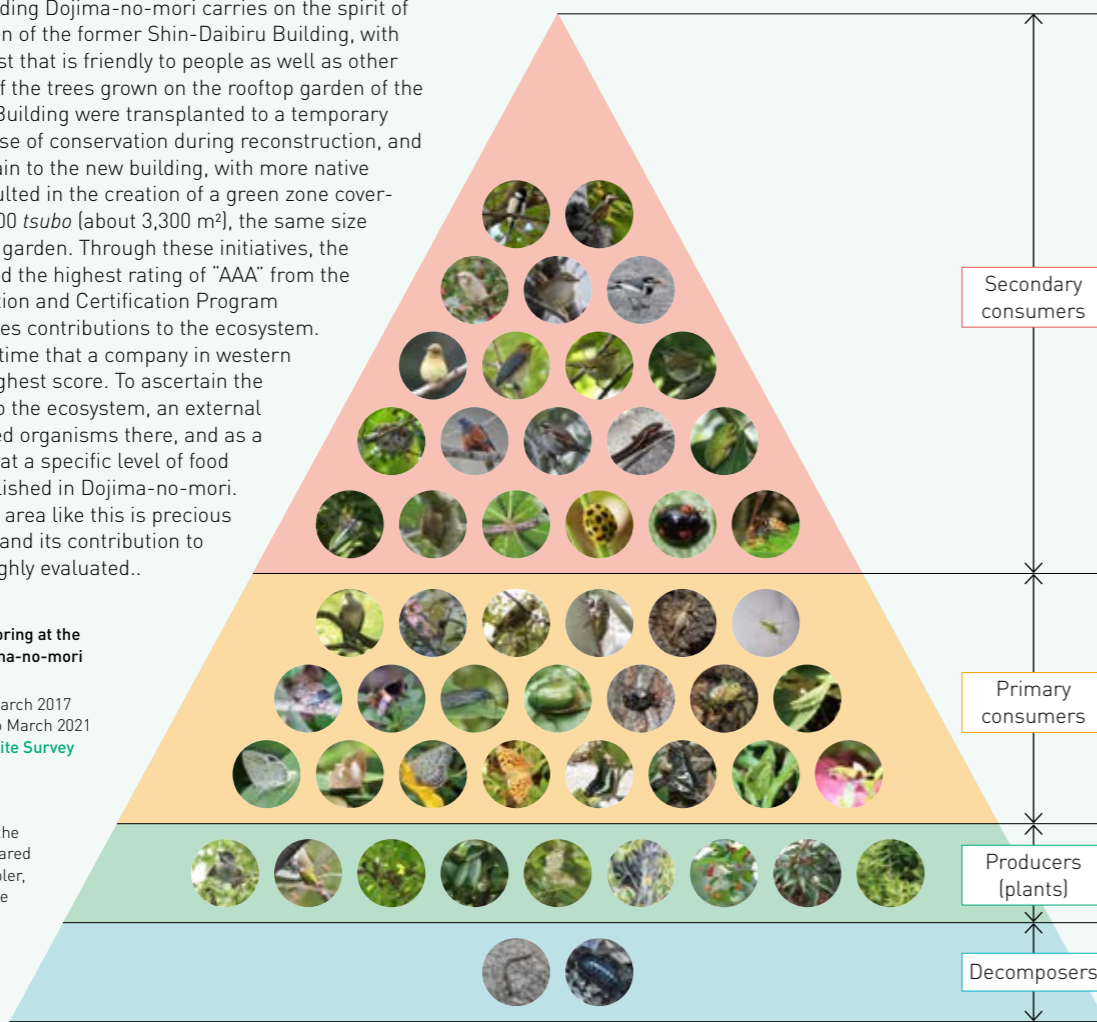


Image of the Ecosystem Pyramid

Note: All photos were taken in the Shin-Daibiru Building Dojima-no-mori.

### Foundation for Promotion

## Increase Human Resource and Organizational Strength



### Themes

- Create value via Groupwide collaboration
- Foster a challenge-seeking corporate culture
- Acquire and cultivate human resources that can ensure high-quality services
- Promote diversity and inclusion
- Pursue employee health and respect human rights

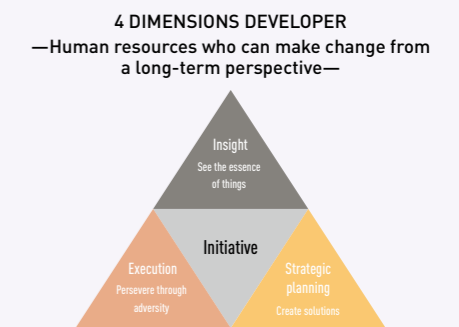
### Developing Human Resources

#### Ideal Human Resources

Our job is to construct giant, three-dimensional structures called buildings, while keeping in mind the fourth dimension, that is, continuity with the past, present, and future. Daibiru aims to make the most of its long-term relationships with customers, and so it offers a wide range of opportunities to its human resources who are bold enough to bring about change and create. We do this to ensure that we can continue to develop on a permanent basis. From this passion, we have set forth a vision for ideal human resources under the concept of "4 DIMENSIONS DEVELOPER: Human resources who can make change from a long-term perspective."

For a company like ours, with a small but highly selective team, we believe that people who can make change from a long-term perspective need to have the following four key elements: "initiative," the ability to proactively take on challenges with an awareness of issues; "insight," the ability to see the essence of things; "strategic planning," the ability to take into consideration

various environments and people involved and create solutions; and "Execution," the ability to persevere through adversity to accomplish goals. Daibiru seeks and nurtures people with the potential to become a "4 DIMENSIONS DEVELOPER," valuing diversity such as individual character, gender, age, personality, skills, interests, and specializations.



### Training Systems

We inspire our employees to grow through our training systems, with the idea that their growth will translate into growth for the Company.

Name of training	Details
Stratified training	Training for new recruits with the Company covers business manners, property inspections, lectures on our various departments, and so on, to ensure that these recruits gain the necessary business skills and knowledge regarding Daibiru's operations prior to being assigned to their posts. Further training is provided at the two-year mark, six-year mark, and first managerial post, as well as for middle-management posts and for executive posts, providing the required skills at each rank.
English comprehension program	This program allows employees with a certain Test of English for International Communication (TOEIC) score level or those who require English as part of their work to utilize language schools. They can take individual English conversation lessons or join group sessions involving practice for meetings and presentations.
Australia dispatch and study abroad program	Employees who have passed a selection test are dispatched to Australia, where they are able to enroll in classes as auditing students at local universities on business-related topics. This program has been suspended due to COVID-19.
Online courses	Employees can select and take more than 100 online educational courses, including business skills, English, and certifications (real estate transaction agent, bookkeeping, business-related legal affairs, etc.). They can study at their own pace by making use of their spare time to improve their skills.
Cafeteria-style elective training	Employees can select and take seminars on the field they want to learn more about, such as business, communication, or management skills. The seminars are available in half- or full-day courses at venues outside the Company.
Certified building administrator training course	Employees can take a systematic course covering overall knowledge relating to building management. The aim is to be certified as a Certified Building Administrator (CBA) through the completion of the course and the certification exam.
Certification by the Association for Real Estate Securitization (ARES) Masters training course	Employees can take a course covering real estate securitization and investing. The aim is to be certified as an ARES Certified Master through completion of the course and the certification exam.

### Health Initiatives

The health of our officers and employees is essential to the continuity and growth of our business operations.

We aim to ensure that our officers and employees can continue to work in good health by providing general health checkups, subsidizing the cost of reexaminations, and subsidizing the cost of comprehensive full medical screening in cooperation with the health insurance society. We also support health through specified health guidance programs and activities by the health committee.

Health checkup participation rate  
 (Non-consolidated, FY2020)  
**98.98%**

Stress checkup participation rate  
 (Non-consolidated, FY2020)  
**100%**



## Materiality of the Daibiru Group

Foundation for Promotion

### Increase Human Resource and Organizational Strength

#### Establishment of Working Environments

##### Mobile Working, Work from Home

Under the current medium-term management plan, we have adopted productivity improvements and creation of results through work-style reforms and ICT strategies to serve as a platform underpinning the plan.

For the first step of this initiative, we have established the target of realizing work styles that are not restricted by location. To this end, we have gradually been introducing mobile PC devices, shifting to wireless LAN equipment in-house, and establishing information communication environments for use outside the Company. In December 2018, following the completion of distributing PC devices and shifting to wireless LAN equipment, we began to promote the transition to paperless for in-house meetings and establish equipment for video conferences. At the same time, we took steps to establish human resource systems and various internal regulations. In April 2019, we launched the mobile working system, and in April 2021 we launched the work-from-home system.

While the main purpose of these efforts has been to realize productivity improvements and flexible work styles, they were also carried out in anticipation of an emergency. During the COVID-19 pandemic, these efforts have provided us with a foundation for continuing our business operations.

##### ICT Strategy Going Forward

As part of our work-style reform efforts, we are working to renew our core systems. In July 2019, we established a cross-organizational project team to reflect the opinions of our employees in this endeavor, as they are the users of these systems. We have faced the issue of our current systems becoming obsolete. However, through their renewal, we will improve work productivity by enhancing work efficiency. This renewal will also help us to move forward with the shift to work styles with even higher added value.

##### Key Systems Related to Working Environments

Name of system
<ul style="list-style-type: none"> <li>Expectant and nursing mothers leave</li> <li>Staggered working hours</li> <li>Hourly paid leave</li> <li>Nursing care leave</li> <li>Work-from-home system</li> <li>Special refreshment leave</li> <li>Mobile working</li> <li>Enforcing no-overtime days</li> <li>Overtime regulations under the Article 36 Agreement</li> </ul>

#### Organizational Restructuring

To enhance corporate value while responding to changes in the business environment, Daibiru has carried out the following organizational restructuring efforts. The results of these efforts have been steadily materializing.

Related medium-term management plan initiative	Item	Period	Purpose and results
<b>Improvement of overseas business</b>	Established the Overseas Business Office (now the Overseas Business Department)	December 2017	<b>Purpose</b> Promote overseas businesses <b>Results</b> Acquired the 275 George Street project (September 2018) <b>Results</b> Participation in the Hanoi office building development project (April 2021)
	Launch of the Australian subsidiary's office	December 2019	<b>Purpose</b> Manage the 275 George Street project development <b>Purpose</b> Search for the next new project
<b>Acquisition and reconstruction of domestic properties</b>	Established the Real Estate Development Office	April 2016	<b>Purpose</b> Acquire and develop domestic properties <b>Results</b> Acquired the Nihonbashi 3-Chome Building (April 2019)
	Increased the number of office members		<b>Results</b> Acquired a total of three properties, including DAIBIRU PIVOT (November 2019) <b>Results</b> Acquired minority equity in Seavans South (November 2019)
	Established the Business Planning Department	April 2018	<b>Purpose</b> Draft long-term management policies for owned buildings, promote reconstruction, promote the property management business, and plan examinations of new real estate businesses <b>Results</b> Completed engineering design for the new Midosuji Daibiru Building
	Established the Sapporo Project Office	January 2020	<b>Purpose</b> Promote the reconstruction of DAIBIRU PIVOT Establish a business foundation in the Sapporo area
<b>Work-style reforms</b>	Established the Work-Style Reforms Unit	December 2017	<b>Results</b> Introduced an hourly paid leave system <b>Results</b> Introduced a mobile working system (April 2019)
<b>Promotion of ICT strategies</b>	Formed the Enterprise System Update Project Team	July 2019	<b>Purpose</b> Renew core enterprise systems <b>Results</b> Introduced a new accounting system (April 2021)
<b>Other</b>	Formed the Brand Strategy Committee	July 2019	<b>Purpose</b> Plan and promote medium- to long-term strategies
	Formed the COVID-19 Countermeasure Headquarters	February 2020	<b>Purpose</b> Promote a response to COVID-19, prevent its spread to employees, and promote BCP centered on the perspective of operational systems
	Established the Environment & Sustainability Committee	April 2021	<b>Purpose</b> Promote sustainability initiatives <b>Results</b> Formulated materiality

Note: Before the establishment of the Overseas Business Department, the Company's overseas businesses were under the jurisdiction of the Corporate Strategy Office (currently the Corporate Planning Department).

Foundation for Promotion

### Accumulate Intellectual Capital to Form the Basis for High-Quality Services



#### Themes

- Accumulate and deepen quality management know-how related to building development and management operations
- Accumulate and deepen knowledge related to the IoT and digital technologies
- Accumulate and deepen knowledge related to environmental technologies

#### Operation and Management as a Unified Group

One characteristic of our business is that we carry out building upkeep in-house, including security and cleaning. The goal of this practice is to maintain high-quality service by having a consistent hand in management.

##### “Team Daibiru” Activities

We conduct “Team Daibiru” activities aimed at maintaining and improving our already high-quality building management services. We promote these activities as a group to provide high-quality management services to high-grade buildings in good locations, one of our strengths. Specifically, employees involved in building management—sales, equipment management, security, cleaning staff—form teams and tour the interior and exterior of each building. All Group employees, including all on-site staff, are committed to providing higher-quality services, with the customer's perspective in mind.

Foundation for Promotion

### Collaborate with Stakeholders to Create Value



#### Themes

- Build close relationships with tenants and collaborate to create value
- Strengthen relationships with national and local governments, as well as local areas
- Collaborate with business partners to create value
- Enhance supplier monitoring

#### Collaboration with Other Companies

To make a good building, there need to be strong relationships of trust between the owner, the designer, and the builders. As the building owner, we strive for close and detailed communication with the designer and builders when constructing a new building. This has helped us to draw out the fullest creative capabilities of the designer and the fullest technical capabilities of builders, enabling us to develop exceptional buildings that fulfill our company concept, secure income, and put tenants at ease.

##### The Daibiru-Honkan Building Reconstruction Project

One example of our collaborative efforts is the Daibiru-Honkan Building reconstruction project. The original Daibiru-Honkan Building was completed in 1925 in Nakanoshima, the birthplace of Daibiru, located in the city of Osaka, and was long admired as the face of Nakanoshima. For its reconstruction in 2013, we adopted cutting-edge technology for the convenience of our tenants, but we also recreated the exterior of the original building for the lower floors in order to bring its historical beauty from the past into the present.

Furthermore, based on the urban development policy of the city of Osaka, we placed emphasis on having the project contribute to the growth of the Nakanoshima area as an integrated block development. We therefore worked with our partners in the project to establish a green zone, and collaborated with government agencies to build a bridge that connects to a pedestrian path along the nearby river.

## Materiality of the Daibiru Group

Foundation for Promotion

# Evolve toward Corporate Governance That Supports Sustainable Improvement of Corporate Value



### Themes

- Improve transparency and effectiveness of management
- Implement thorough compliance, internal controls, and anti-corruption measures
- Strengthen risk management further

## Basic Approach to Corporate Governance

Under the management policy of “Constructing buildings, creating towns, pioneering the new era,” and with a view toward enhancing corporate value over the long term through sustainable and stable growth, Daibiru believes that fair, transparent, prompt, and bold decision-making is crucial to corporate governance. As such, the Company formulated the Basic Policy for Corporate Governance\*, and works to achieve its vision accordingly.

\* For more information on this policy, please visit our corporate website. <https://www.daibiru.co.jp/english/company/governance/>



## Overview of the Corporate Governance Framework

The Company has adopted the Audit & Supervisory Board system, having concluded that such a system functions effectively in providing oversight of the Company's management. Of the six directors, two are independent outside directors, and of the three Audit & Supervisory Board members, two are independent outside Audit & Supervisory Board members. This enables the corporate governance system to supervise and audit the management from a neutral and objective standpoint at all times.

### Board of Directors

The Board of Directors meets once per month in principle, and otherwise as required, and decides the basic policies for overall management of the Company while supervising the execution of duties of directors and executive officers. All important management issues are put before the Board of Directors to be deliberated and decided upon. The Board of Directors also receives reports on business execution performance as needed.

The President Chief Executive Officer serves as the chairman of the Board of Directors.

### Governance Advisory Committee

The Governance Advisory Committee, comprising two independent outside directors and the President Chief Executive Officer (chaired by an independent outside director), has been established as a voluntary advisory body to the Board of Directors. The committee provides advice to the Board of Directors on matters such as the appointment and dismissal of directors and executive officers, the determination of remuneration and others for directors and executive officers, and succession plans for the President Chief Executive Officer.

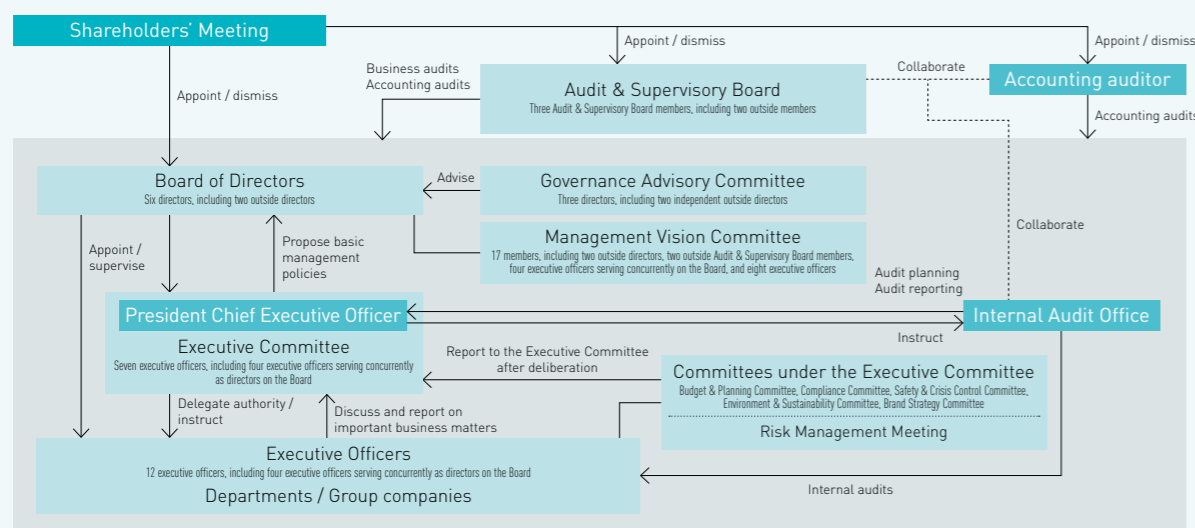
### Management Vision Committee

Apart from the Board of Directors, which is a forum for deciding the basic policies for the Company's overall management, the Management Vision Committee meets roughly three times a year to present a forum for extensive discussions on themes related to management in general. The committee is composed of directors, Audit & Supervisory Board members, and executive officers.

#### Examples of Discussion Themes for the Management Vision Committee

- ROE and sustainable growth
- Enhancement of the Daibiru Group's competitiveness
- Promotion of active participation by the female workforce / Diversity
- Overseas business strategies
- Domestic investment strategies
- Medium-term management plan
- Reduction of cross-shareholdings
- Path toward work-style reforms
- Rebuilding project for the Midosuji Daibiru Building
- Impact of COVID-19 on business conditions
- Sustainability management

## Corporate Governance System



### Executive Committee

The Executive Committee, comprising the President Chief Executive Officer, Senior Managing Executive Officers, and Managing Executive Officers, meets three times a month, in principle, at which time the members conduct thorough deliberations to decide important matters related to business execution, based on the basic policies for overall management set out by the Board of Directors.

## Process and Policies for Selection of Management by the Board of Directors, and for Nomination of Candidates for Directors and Audit & Supervisory Board Members

Candidates for appointment to director and executive officer positions are nominated for showing excellence in personality, insight, and ability, an abundance of experience, and high ethical standards.

The Board of Directors should be of an appropriate scale, and in possession of knowledge, experience, and ability that are both diverse and well balanced as a whole to ensure that it can efficiently fulfill its roles and duties. Directors are appointed and dismissed by resolution at the Shareholders' Meeting, and executive officers are appointed by resolution of the Board of Directors.

Based on the above, the Chairperson of the Board of Directors proposes candidates for director and executive officer positions. The Board of Directors then discusses and decides candidates after consulting with the Governance Advisory Committee\*, a voluntary advisory body to the Board of Directors chaired by an independent outside director, comprising outside directors, the Chairperson, and the President Chief Executive Officer.

The Chairperson of the Board of Directors also proposes candidates for members of the Audit & Supervisory Board based on the same criteria as for the directors, which are also discussed and decided upon by the Board of Directors after receiving the approval of the Audit & Supervisory Board. At least one member of the Audit & Supervisory Board should have adequate knowledge of finance and accounting.

The Board of Directors also conducts appropriate supervision over whether systematic training of candidates to succeed the President Chief Executive Officer is carried out, based on advice given by the Governance Advisory Committee. If the Board of Directors finds that the President Chief Executive Officer is not fulfilling his or her duties sufficiently, they will consult with the Governance Advisory Committee and make decisions accordingly, with emphasis placed on the committee's advice. The President Chief Executive Officer is not present for consultations of this nature.

\* Currently, the Governance Advisory Committee comprises a majority of outside directors (the position of Chairperson is currently vacant).

### Reasons for Appointing Directors (as of the June 2021 Shareholders' Meeting)

<b>Toshiyuki Sonobe</b>	Mr. Sonobe is currently responsible for the management of the Company as Representative Director and President Chief Executive Officer, and has played an appropriate role in contributing to the improvement of the Company's corporate value over the medium to long term by leveraging his wealth of experience and broad insight regarding company management in Japan and overseas.
<b>Takashi Maruyama</b>	Mr. Maruyama possesses thorough knowledge of company management, finance, and investor relations, and is expected to play an appropriate role to contribute to the improvement of the Company's corporate value over the medium to long term by leveraging his wealth of experience and a high level of insight.
<b>Takehiko Ota</b>	Mr. Ota has played an appropriate role in contributing to the improvement of the Company's corporate value over the medium to long term by leveraging his wealth of experience and a high level of insight in the Administration Division and the Overseas Business Department.
<b>Hideki Tainaka</b>	Mr. Tainaka has been involved with the Construction & Technical Management Department and building management at the Company and the Group companies for many years. He has played an appropriate role in contributing to the improvement of the Company's corporate value over the medium to long term by leveraging his wealth of experience and a high level of insight as a first-class registered architect.
<b>Atsushi Oi</b> Outside Director	Mr. Oi has gained a deep insight through his career in government administration and company management in Japan and overseas. Based on his insight, he is expected to monitor the business execution of directors at the Board of Directors and Governance Advisory Committee, among other duties.
<b>Atsushi Miyayoya</b> Outside Director	Mr. Miyayoya has gained a deep insight into economy and finance through his duties which include, working at a central bank. Based on his insight, he is expected to monitor the business execution of directors at the Board of Directors and Governance Advisory Committee, among other duties.

## Assessment of the Effectiveness of the Board of Directors

Continuing from the previous fiscal year, in fiscal 2020 the Company conducted an assessment of the effectiveness of the Board of Directors to enhance the effectiveness of the Board.

In the assessment, a signed questionnaire survey was conducted by all directors and Audit & Supervisory Board members, who made a self-assessment on the composition and operations of the Board of Directors based on the Basic Policy for Corporate Governance, which was formulated in December 2015. The results of the survey were subsequently discussed at the meeting of the Board of Directors.

The result of these discussions was the conclusion that there was a need to consider the scale and diversity, but the Board of Directors of the Company was maintaining a high level of fairness and transparency, and that it was fulfilling its responsibilities to secure greater long-term corporate value of the Daibiru Group. Based on this assessment, the Company will continue to further enhance the effectiveness of the Board through ongoing discussions at meetings of the Board of Directors.

## Officer Remuneration

### Director Remuneration

Regarding director remuneration, President Chief Executive Officer Toshiyuki Sonobe makes decisions on the specific details of remuneration for each director, based on the resolution of the Board of Directors, within the aggregate amount decided by resolutions at the Shareholders' Meeting. Decisions related to monthly compensation are made in Mr. Sonobe's role as Chairperson of the Board, whereas decisions related to performance-linked compensation in the form of bonuses and non-monetary compensation under the Company's restricted stock compensation plan are made in his role as President Chief Executive Officer. Mr. Sonobe's decision-making authority includes the base salary amounts for each director, distribution of bonuses based on the job title and responsibilities and individual track record of each director, and the amount of restricted stock granted.

The reason for delegating this authority to the Chairperson of the Board of Directors and the President Chief Executive Officer is the belief that they are best positioned to evaluate each director in terms of their duties and area of responsibility while maintaining a bird's-eye view over the Company performance as a whole. To properly exercise this authority, the Chairperson of the Board and President Chief Executive Officer charged with deciding individual remuneration consults with the Governance Advisory Committee, and follows the committee's calculation methods as well as internal regulations.

## Materiality of the Daibiru Group

Foundation for Promotion

### Evolve toward Corporate Governance That Supports Sustainable Improvement of Corporate Value

#### Policy for Deciding Individual Remuneration for Directors

The Company has established a basic policy for deciding individual remuneration for directors, detailed below. The policy was deliberated upon during two meetings of the Board of Directors, and approved at the meeting held on February 26, 2021.

Following is a description of the policy for deciding individual remuneration for directors.

##### (A) Monthly compensation

The base salary for directors shall be paid as fixed monthly compensation at a constant level commensurate with their job titles and responsibilities in light of the business characteristics of the Company aimed at constant growth over the medium to long term. Monthly compensation for each director is set after the Chairperson of the Board prepares a compensation proposal and consults with the Governance Advisory Committee.

##### (B) Performance-linked compensation

Directors (excluding outside directors) receive bonuses linked to business results that reflect their job titles, responsibilities, and individual performance evaluations. The Chairperson of the Board proposes total bonus amounts that are decided upon by resolution at the Shareholders' Meeting for the relevant fiscal year. The proposal for bonuses is formulated utilizing calculation methods determined with the input of the Governance Advisory Committee. Individual bonus amounts are determined by the President Chief Executive Officer and paid at a fixed time each year. Amounts are calculated using the following formula, which combines quantitative and individual evaluations, with operating profit and profit utilized as KPIs.

$$\text{Individual bonus amount} = \text{standard payment amount (monthly compensation for each director} \times \text{number of months based on quantitative evaluation)} \times \text{individual performance evaluation coefficient}$$

##### (C) Non-monetary compensation (restricted stock compensation plan)

The restricted stock compensation plan for directors (excluding outside directors) provides compensation in the form of restricted stock, separate from the above monthly compensation and bonuses, with the aim of offering an incentive for the sustained enhancement of the Company's corporate value and for the further promotion of shared value between directors and shareholders.

The amount of shares allotted to individual directors is determined by the President Chief Executive Officer in accordance with the internal rules established for each job title and after consulting with the Governance Advisory Committee.

#### Remuneration for Audit & Supervisory Board Members

Remuneration for Audit & Supervisory Board members is decided by the Audit & Supervisory Board, within the aggregate amount decided by resolutions of the Shareholders' Meeting. Audit & Supervisory Board members only receive remuneration in the form of fixed monthly compensation and do not receive performance-linked bonuses, nor are they eligible for the restricted stock compensation plan.

#### Director and Audit & Supervisory Board Member Remuneration in Fiscal 2020\*1

Classification	Total compensation amount (Millions of yen)	Total compensation amount by compensation type (Millions of yen)			Number of eligible directors and Audit & Supervisory Board members
		Fixed compensation	Performance-linked compensation	Non-monetary compensation*2	
Directors (excluding outside directors)	227	146	67	14	6
Audit & Supervisory Board members (excluding outside Audit & Supervisory Board members)	30	30	—	—	2
Outside directors and outside Audit & Supervisory Board members	35	35	—	—	4

\*1 Includes one director and one Audit & Supervisory Board member who retired at the conclusion of the 148th Annual General Meeting of Shareholders held on June 25, 2020.

\*2 Listed amounts are expenses recorded for the fiscal year under review for the restricted stock compensation plan introduced at the 148th Annual General Meeting of Shareholders held on June 25, 2020.

## Compliance

Based on the recognition that compliance is a basic element of corporate governance, the Company shall "comply with laws and regulations and conduct its operations with integrity as a member of society, acting in accordance with social norms and corporate ethics," as prescribed in the Group Code of Conduct (2. Legal compliance). The Company also established the Compliance Committee to ensure promotion of compliance structures, aiming to ensure compliance in day-to-day operating activities. In addition, based on the Compliance Regulations, the Company has established and operates an internal contact point and an external contact point, which is independent from the Company, for receiving compliance-related reports and consultations.

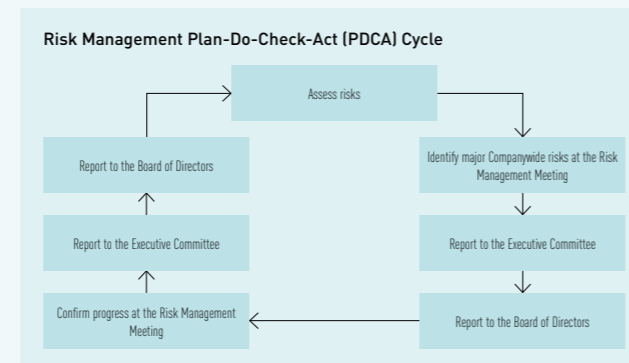
## Risk Management

In accordance with the Risk Management Regulations, which work to reduce business risks, the Company monitors its risk management structure on a regular basis. In addition, when pursuing important investment projects, all relevant departments engage in sufficient examinations of the project. At the same time, the Corporate Planning Department holds thorough discussions to ascertain, analyze, and evaluate risks related to such projects. After this process is completed, these investment projects are deliberated and decided on by the Executive Committee, which is the highest-ranking body for decision-making related to business execution.

#### Main Risks Recognized by the Group

- A. Risks that impact rent income
  1. Risks related to the declining operating rate of real estate
  2. Risks related to decreased rents
  3. Risks related to tenants leasing a large floor area
  4. Risks related to the outbreak of infectious diseases, etc.
  5. Risks related to the damage, destruction, or deterioration of buildings due to natural disasters, etc.
  6. Risks related to the uneven distribution of real estate
- B. Other risks
  1. Risks related to interest rate fluctuations
  2. Risks related to exchange rate fluctuations
  3. Risks related to law revisions, including tax policies on real estate
  4. Risks related to asset price fluctuations

To strengthen its risk management system, the Company has resolved to hold a Risk Management Meeting, held twice a year and attended by executive officers and related department heads, starting from fiscal 2021. At these meetings, participants identify major risks as well as share and discuss the status of initiatives, and work to raise the effectiveness of the Company's risk management.



## Message from an Outside Director



Modern-day management needs a certain “sensitivity” that is finely attuned to the needs of society and a wide range of stakeholders. This makes it important to ensure diversity and incorporate the opinions of a new generation.

Atsushi Oi

Director (Outside / Independent)

### The Roles of an Outside Director

During Board meetings, I try to take advantage of my background, which covers a variety of work with the government, financial institutions, and general trading companies, as well as my experience as president of the Japan Institute of Design Promotion, a position I held until recently, which provided several opportunities to engage with cutting-edge designs and business models. This experience has enabled me to raise issues and voice opinions from the perspective of an outsider, with a different view from that inside the Company. This leads to multi-lateral discussions on a full range of themes, such as management strategy and business models, as well as appropriate decision-making and other benefits. I also intend to help with management by sharing my own knowledge of overseas business operations and risk management as the Company looks to enter new business domains under its current medium-term management plan.

### The Approach to Company Management

Incorporating the perspective of multiple types of stakeholders is an extremely important part of modern management. As society changes, Daibiru's target customers and its Group employees are diversifying at an unprecedented rate.

For Daibiru to stay well acquainted with the needs of customers and society in times like these and continue to provide high-quality services, I believe it also needs to evolve in terms of its own management. For example, one of the issues being shared and discussed as something to be resolved is expanding the diversity of the Board of Directors. The Company also needs to establish bottom-up processes as part of decision-making. The younger generation sees society from a perspective that is totally different from ours, and this holds true in every area, be it the use of information technology, environmental issues, or the future of the Japanese and global economies. If management can absorb such perspectives, it will help greatly with the attempt to

grasp the next generation of society, and this in turn will help to create new innovations and business opportunities. What is important is having the right combination of bottom-up processes and top-down decision-making.

Moreover, the Company needs to boost its sensitivity to social trends. To survive such turbulent times, I believe that Daibiru needs management with antennae that can pick up information from every direction. This means that, in addition to the opinions with which the Company has direct contact, namely customers and local residents, it needs to pick up on megatrends, such as international situations and social issues as well as the latest developments and knowledge in business circles outside of real estate. At the same time, management needs to have a finely tuned sense of what the new era should be.

### Daibiru's Ideal Trajectory

The Company also needs to be aware of its investors who call for keeping ROE above a certain level and for a greater proportion of business to be focused on asset turnover, and it needs to take these voices seriously.

At the same time, I think that Daibiru is what it is today—a company that has lasted for almost a century—because of its stance of getting close to customers and local communities, combined with its business model, which involves building up a track record of new challenges, from a long-term perspective. Daibiru creates buildings that office workers can work in with pride, dignified buildings that have come to be cherished by people who live in the vicinity or who visit them. The Company has gained and maintained the trust of its stakeholders over many years and engaged in stable development. I believe that by building its brand in this manner, Daibiru has created a unique sense of purpose, and has laid the crucial groundwork for future growth. As an outside director, I will continue to do my utmost to keep improving Daibiru's corporate value while always remaining aware of its commitment to enhancing its business performance and returning profits to shareholders.

## Board of Directors, Audit & Supervisory Board Members, and Executive Officers

### Directors



**Toshiyuki Sonobe**  
Representative Director,  
President Chief Executive Officer

Apr. 1981 Joined Japan Line, Ltd. (currently Mitsui O.S.K. Lines, Ltd.)  
Jun. 2009 General Manager of Tanker Division, Mitsui O.S.K. Lines, Ltd.  
Jun. 2011 Managing Director, Mitsui O.S.K. Bulk Shipping (Asia Oceania) Pte. Ltd. (currently MOL (Asia Oceania) Pte. Ltd.) (until March 2014)  
Jun. 2012 Executive Officer, responsible for Southeast Asia, Mitsui O.S.K. Lines, Ltd.  
Jun. 2015 Executive Officer, Chief Executive Representative for Asia, the Middle East and Oceania  
Apr. 2016 Managing Executive Officer of Group Business Division, responsible for Kansai Area / Japan Logistics Business Promotion  
Jun. 2016 Director of the Company  
Mar. 2017 Resigned from the position of Managing Executive Officer, Mitsui O.S.K. Lines, Ltd.  
Apr. 2017 Executive Vice President, Director General of Office Leasing & Development Division of the Company  
Jun. 2017 Representative Director, Executive Vice President, Director General of Office Leasing & Development Division  
Apr. 2018 Representative Director, President Chief Executive Officer (to present)



**Takashi Maruyama**  
Representative Director, Senior Managing Executive Officer  
Responsible for Corporate Planning Department,  
Supervisor for Overseas Business Department,  
Real Estate Development Office,  
Osaka Office Leasing & Operations Department, and Tokyo  
Office Leasing & Operations Department

Apr. 1983 Joined Mitsui O.S.K. Lines, Ltd.  
Jun. 2010 General Manager, Finance Division of Mitsui O.S.K. Lines, Ltd.  
Jun. 2011 Executive Officer, commissioned as General Manager, Finance Division  
Jun. 2015 Managing Executive Officer  
Jun. 2017 Director, Managing Executive Officer  
Apr. 2018 Director, Senior Managing Executive Officer  
Apr. 2020 Representative Director, Senior Managing Executive Officer  
Mar. 2021 Resigned from the position of Representative Director, Senior Managing Executive Officer of Mitsui O.S.K. Lines, Ltd.  
Apr. 2021 Senior Managing Executive Officer, responsible for Corporate Planning Department, supervisor for Overseas Business Department, Real Estate Development Office, Osaka Office Leasing & Operations Department, and Tokyo Office Leasing & Operations Department of the Company  
June 2021 Representative Director, Senior Managing Executive Officer, responsible for Corporate Planning Department, supervisor for Overseas Business Department, Real Estate Development Office, Osaka Office Leasing & Operations Department, and Tokyo Office Leasing & Operations Department (to present)



**Takehiko Ota**  
Director, Managing Executive Officer Responsible  
for Overseas Business Department, Real Estate  
Development Office, and Business Planning  
Department, Secondly Responsible for  
Corporate Planning Department

Apr. 1984 Joined Mitsui O.S.K. Lines, Ltd.  
Jun. 2008 Manager of IR Office  
Jun. 2013 Full-Time Corporate Auditor  
Jun. 2017 Resigned from the position of Full-Time Corporate Auditor, Mitsui O.S.K. Lines, Ltd.  
Executive Officer, Deputy General of Administration Division (responsible for Corporate Planning & Strategic Business Office), and commissioned as General Manager of Corporate Communications Office of the Company  
Apr. 2019 Managing Executive Officer, responsible for Corporate Planning Department, Overseas Business Department, and IR  
Jun. 2019 Director, Managing Executive Officer, responsible for Corporate Planning Department, Overseas Business Department, and IR  
Apr. 2021 Director, Managing Executive Officer responsible for Overseas Business Department, Real Estate Development Office, and Business Planning Department, secondarily responsible for Corporate Planning Department (to present)



**Hideki Tainaka**  
Director, Managing Executive Officer,  
Responsible for Construction & Technical Management  
Department and Special Projects (reconstruction of the  
Midosuji Daibiru Building and the Yaesu Daibiru Building)

Apr. 1988 Joined the Company  
Jun. 2016 General Manager of Construction & Technical Management Department  
Apr. 2018 Executive Officer, Assistant to the officer responsible for Construction & Technical Management Department, and commissioned as General Manager of Construction & Technical Management Department  
Apr. 2020 Managing Executive Officer, responsible for Construction & Technical Management Department and Special Projects (reconstruction of the Midosuji Daibiru Building and the Yaesu Daibiru Building)  
Jun. 2020 Director, Managing Executive Officer, responsible for Construction & Technical Management Department and Special Projects (reconstruction of the Midosuji Daibiru Building and the Yaesu Daibiru Building) (to present)



**Atsushi Oi**  
Director (Outside / Independent)

Apr. 1973 Joined the Ministry of International Trade and Industry (currently the Ministry of Economy, Trade and Industry)  
Sep. 1999 Director of Public Utilities Department, Agency for Natural Resources and Energy  
Aug. 2001 Deputy Director-General of Minister's Secretariat, Ministry of Economy, Trade and Industry  
Jul. 2002 Defense Counselor of Japan Defense Agency (currently Ministry of Defense)  
Aug. 2005 Director, Japan Development Bank (currently Development Bank of Japan Inc.)  
Sep. 2007 Resigned from the position of Director, Japan Development Bank  
Oct. 2007 Counselor, Mitsui & Co., Ltd.  
Apr. 2008 Managing Officer, Chairman & Managing Director, Mitsui & Co. (Australia) Ltd.  
Apr. 2010 Executive Managing Officer, Chief Representative, Mitsui & Co., Ltd. in China  
Apr. 2014 Senior Executive Managing Officer, General Manager of Osaka Office  
Apr. 2015 Counselor, Mitsui & Co., Ltd.  
Jun. 2015 Resigned from the position of Counselor, Mitsui & Co., Ltd., President of Japan Institute of Design Promotion  
Jun. 2018 Outside Director of the Company (to present)  
Jun. 2021 Resigned from the position of President of Japan Institute of Design Promotion, President of Japan Auto Appraisal Institute (to present)



**Atsushi Miyano**  
Director (Outside / Independent)

Apr. 1982 Joined Bank of Japan  
May 2010 Director-General of Financial System and Bank Examination Department  
Mar. 2013 Manager of Nagoya Branch  
May 2014 Executive Director and Manager of Osaka Branch  
Mar. 2017 Executive Director, responsible for Financial System and Bank Examination Department, Currency Issue Department, and Public Relations Department  
May 2018 Resigned from the position of Executive Director  
Jun. 2018 Chairman of NIT DATA Institute of Management Consulting, Inc. (to present)  
Jun. 2019 Outside Director of the Company (to present)  
Jun. 2020 Outside Director of The Bank of Wate, Ltd. (to present)

### Audit & Supervisory Board Members



**Hideo Horiguchi**

Full-Time Audit & Supervisory Board Member  
Apr. 1981 Joined Mitsui O.S.K. Lines, Ltd.  
Jun. 2010 General Manager of Accounting Division, Mitsui O.S.K. Lines, Ltd.  
Jun. 2013 Executive Officer, General Manager of Accounting Division  
Jun. 2015 Executive Officer  
Apr. 2017 Advisor  
Jun. 2018 Resigned from the position of Advisor, Mitsui O.S.K. Lines, Ltd.  
Full-Time Audit & Supervisory Board member of the Company (to present)



**Shigeki Taenaka**

Audit & Supervisory Board Member (Outside / Independent)  
Aug. 1985 Joined the Osaka Office of Aoyama Audit Corporation Price Waterhouse & Company  
Mar. 1988 Registered as a Certified Public Accountant  
Oct. 1989 Joined MIKIO TAENAKA CPA OFFICE  
Jun. 1995 Outside Audit & Supervisory Board Member of Nishimoto Trading Co. (now Canon Lifecare Solutions Inc.)  
Jan. 2006 Head of SHIGEKI TAENAKA CPA OFFICE (to present)  
Jun. 2009 Outside Audit & Supervisory Board Member of Japan System Techniques Co., Ltd. (to present)  
Jan. 2018 Outside Audit & Supervisory Board Member of DENKYOSHA CO., LTD. (to present)  
Jun. 2018 Resigned from the position of Outside Audit & Supervisory Board member of the Company (temporary)  
Jun. 2019 Outside Audit & Supervisory member of the Company (to present)



**Tomoyuki Nishide**

Audit & Supervisory Board Member (Outside / Independent)  
Apr. 1990 Registered as an attorney-at-law, joined Kikkawa Sogo General Law Offices (currently Kitahama Law Offices)  
Jan. 2001 Partner of Kikkawa Law Offices  
Jan. 2006 Managing Partner (to present)  
May 2006 Outside Auditor of NEW COSMOS ELECTRIC CO., LTD.  
Jun. 2006 Resigned from the position of Outside Auditor of NEW COSMOS ELECTRIC CO., LTD. (currently Keihanshin Building Co., Ltd.)  
Jun. 2007 Outside Audit & Supervisory Board Member of Keihanshin Real Estate Co., Ltd. (currently Keihanshin Building Co., Ltd.)  
Jun. 2019 Resigned from the position of Outside Audit & Supervisory Board Member of Keihanshin Building Co., Ltd.  
Jun. 2021 Outside Audit & Supervisory Board Member (to present)

### Executive Officers (Not Concurrently Serving on the Board of Directors)



**Junichi Narita**

Senior Managing Executive Officer  
Responsible for Information Systems Office and Internal Audit Office, Supervisor for General Affairs Department and Human Resources Department



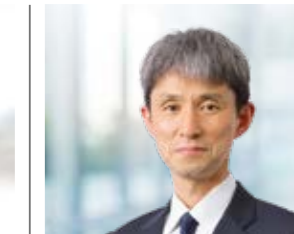
**Yoichi Hayashi**

Managing Executive Officer Responsible for General Affairs Department and Human Resources Department, Supervisor for Finance & Accounting Department



**Kazuhiko Yamada**

Managing Executive Officer  
Responsible for Osaka Office Leasing & Operations Department, Tokyo Office Leasing & Operations Department, and Sapporo Project Office  
Secondarily Responsible for Special Projects (reconstruction of the Midosuji Daibiru Building and the Yaesu Daibiru Building)



**Kenichi Sekiguchi**

Executive Officer  
Responsible for Finance & Accounting Department  
General Manager of Finance & Accounting Department



**Takashi Tomoda**

Executive Officer  
Secondarily Responsible for Real Estate Development Office and Sapporo Project Office  
General Manager of Tokyo Office Leasing & Operations Department



**Hidekazu Taga**

Executive Officer  
Secondarily Responsible for Business Planning Department, General Manager of Corporate Planning Department, Responsible for IR



**Takeo Yada**

Group Executive Officer  
President of Daibiru Facility Management, Ltd.



**Kensuke Tanaka**

Group Executive Officer  
President of MOL Kosan Co., Ltd.

## 11-Year Summary

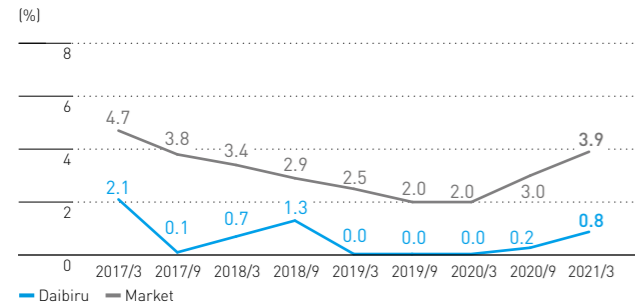
	2011/3	2012/3	2013/3	2014/3	2015/3	2016/3	2017/3	2018/3	2019/3	2020/3	2021/3
<b>For the Fiscal Year</b> (Millions of yen)											
Operating revenue	34,837	33,670	34,205	35,566	35,773	37,344	39,451	40,400	40,637	42,817	42,909
Leasing	26,433	25,916	26,069	26,993	27,114	28,551	30,389	31,146	30,917	32,828	33,544
Facility management	8,053	7,383	7,605	8,230	8,232	8,197	8,571	8,844	9,186	9,146	8,661
Other businesses	350	370	530	342	427	595	490	408	534	842	703
Operating profit	10,283	10,161	9,827	10,022	9,447	9,114	10,693	11,055	10,329	11,561	12,101
Ordinary profit	8,894	8,910	8,507	8,725	8,250	7,985	9,688	10,640	9,953	10,858	11,672
Profit attributable to owners of parent	3,707	4,739	4,880	5,563	5,165	5,276	6,160	7,260	6,993	7,932	8,437
Depreciation	6,779	6,007	5,745	6,367	6,201	7,835	7,321	6,932	7,285	7,114	7,249
Increase in property, plant and equipment and intangible assets	39,856	3,534	17,853	7,935	30,706	3,293	1,893	4,009	16,219	26,915	9,041
Net cash provided by operating activities	12,753	12,523	10,121	12,960	11,487	14,516	15,157	13,957	14,101	14,570	13,659
Net cash used in investing activities	(38,602)	(9,098)	(18,652)	(8,098)	(26,269)	(13,758)	(3,287)	(7,847)	(12,565)	(27,303)	(3,845)
Net cash provided by (used in) financing activities	26,663	(2,616)	7,904	(1,532)	14,286	(2,661)	(9,624)	(10,131)	9,453	13,685	(8,387)
<b>Per Share Data</b> (Yen)											
Profit attributable to owners of parent	31.79	40.64	41.84	47.70	44.29	45.24	52.82	62.25	59.96	68.02	73.08
Net assets	977.10	1,018.04	1,071.37	1,130.47	1,206.74	1,224.12	1,280.88	1,337.32	1,319.81	1,337.20	1,442.32
Cash dividends	11.0	11.0	11.5	13.5	13.0	14.0	16.0	19.0	20.0	21.0	22.0
				(Includes a commemorative dividend of ¥1.5 per share)							
<b>At Fiscal Year-End</b> (Millions of yen)											
Current assets	5,435	6,330	7,266	10,661	10,785	8,082	10,524	6,294	17,958	21,035	21,844
Total property, plant and equipment	270,490	268,577	280,901	282,091	310,178	306,011	300,901	298,243	306,809	326,696	329,394
Total investments and other assets	15,609	14,849	17,751	20,731	24,393	21,139	24,877	32,478	26,464	22,927	30,634
Total assets	291,666	295,837	312,613	321,254	362,702	351,810	351,645	351,291	364,754	383,426	393,928
Current liabilities	15,857	13,948	40,735	34,165	30,711	31,041	10,266	16,044	21,083	31,669	27,625
Interest-bearing debt	130,398	129,068	138,312	138,557	158,468	157,442	149,672	141,542	153,412	169,732	166,408
Net assets	115,189	120,058	126,391	133,141	142,144	144,286	150,993	157,673	155,728	157,827	167,346
Equity	113,961	118,736	124,955	131,846	140,741	142,767	149,386	155,967	153,925	155,952	165,367
<b>Other Statistics</b>											
Ratio of interest-bearing debt to operating cash flows (Times)	10.2	10.3	13.7	10.7	13.8	10.8	9.9	10.1	10.9	11.6	12.2
Capital adequacy ratio (%)	39.1	40.1	40.0	41.0	38.8	40.6	42.5	44.4	42.2	40.7	42.0
Debt to equity ratio (Times)	1.14	1.09	1.11	1.05	1.13	1.10	1.00	0.91	1.00	1.09	1.01
Number of shares issued (Thousands)	116,851	116,851	116,851	116,851	116,851	116,851	116,851	116,851	116,851	116,851	115,051
Number of employees (Non-consolidated)	53	54	56	58	60	59	64	65	70	79	86
Total floor area (m <sup>2</sup> )	506,087	526,712	577,364	574,248	700,131	700,131	700,131	700,131	701,286	739,544	734,311
Vacancy rate at end of year (%)	1.6	1.5	2.8	2.4	4.4	2.6	1.5	0.7	0.2	0.8	1.2
Stock price: High (Yen)	937	739	1,129	1,600	1,335	1,383	1,108	1,492	1,364	1,445	1,480
Stock price: Low (Yen)	520	436	502	989	937	753	802	932	984	703	772

Note: The main cash-equity trading platform has been changed to the Tokyo Stock Exchange from the Osaka Securities Exchange, because the two exchanges integrated their operations as of July 16, 2013.

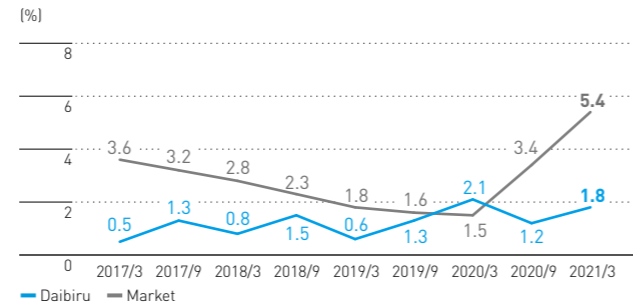
## Property Information

### Vacancy Rates

#### Osaka Area Vacancy Rates



#### Tokyo Area Vacancy Rates



#### Trends in Vacancy Rates (%)

Daibiru (Term-end)	2017/3	2017/9	2018/3	2018/9	2019/3	2019/9	2020/3	2020/9	2021/3
Osaka area	2.1	0.1	0.7	1.3	0.0	0.0	0.0	0.2	0.8
Tokyo area	0.5	1.3	0.8	1.5	0.6	1.3	2.1	1.2	1.8
Whole Company	1.5	0.6	0.7	1.4	0.2	0.5	0.8	0.6	1.2

Note: Figures from March 2019 do not include the Midosuji Daibiru Building (Osaka) and the Yaesu Daibiru Building (Tokyo), which are scheduled for reconstruction.

#### Market (Term-end)

Osaka area	4.7	3.8	3.4	2.9	2.5	2.0	2.0	3.0	3.9
Tokyo area	3.6	3.2	2.8	2.3	1.8	1.6	1.5	3.4	5.4

Note: Market vacancy rates are from the data created by Miki Shoji Co., Ltd. (on six major wards in the Osaka area and five in the Tokyo area).

## Commercial Property\*1

Gross floor area / Number of properties (Osaka area / Tokyo area / Sapporo area / Overseas)

#### Gross Floor Area

Office buildings, commercial buildings	2018/3	2019/3	2020/3	2021/3	Number of properties
Osaka area	378,879	378,879	378,879	365,480	11
Tokyo area	215,437	216,593	231,254	231,254	15
Sapporo area	—	—	23,595	23,595	3
Overseas*1	66,480	66,480	66,480	74,647	3
Subtotal	660,796	661,952	700,208	694,976	32

#### Residences

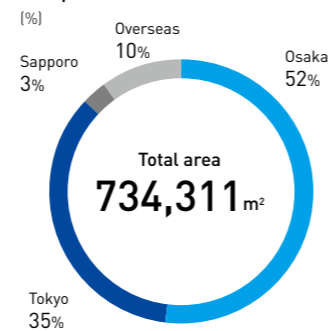
Osaka area	13,184	13,184	13,184	13,184	2
Tokyo area	26,151	26,151	26,151	26,151	13
Subtotal	39,335	39,335	39,335	39,335	15

Total of Osaka area	392,063	392,063	392,063	378,664	13
Total of Tokyo area	241,588	242,744	257,405	257,405	28
Sapporo area	—	—	23,595	23,595	3
Overseas*1	66,480	66,480	66,480	74,647	3
Total	700,131	701,286	739,544	734,311	47

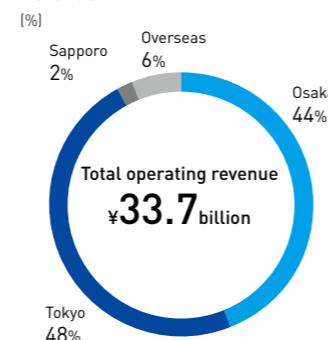
Note: Refers to properties in operation as of March 31, 2021. In regard to the co-owned properties, the Company's share was recorded.

\*1 Data up to March 2020 only include Vietnam.

#### Composition of Floor Area



#### Composition of Total Operating Revenue\*2



\*2 Before elimination of intersegment amounts

## Non-Financial Information Highlights

CO <sub>2</sub> emissions*3,*4	2016/3	2017/3	2018/3	2019/3	2020/3	2021/3
CO <sub>2</sub> emissions (t-CO <sub>2</sub> )	34,614	35,834	35,240	31,788	30,051	28,182
CO <sub>2</sub> emission intensity (t-CO <sub>2</sub> /m <sup>2</sup> )	0.06407	0.06535	0.06412	0.05816	0.05156	0.04949

#### Energy use\*3

Crude oil equivalent energy use (kl)	17,059	18,107	18,021	17,736	18,175	17,410
Energy use intensity (kl/m <sup>2</sup> )	0.03157	0.03302	0.03279	0.03245	0.03119	0.03057

#### Water use\*3

Water use (m <sup>3</sup> )	484,398	506,572	510,641	514,530	533,179	376,854
Water use intensity (m <sup>3</sup> /m <sup>2</sup> )	0.8966	0.9238	0.9291	0.9414	0.9149	0.6617

#### Waste emissions\*5

Waste emissions (t)	—	2,648	2,595	2,468	2,654	2,234
Waste emission intensity (t/m <sup>2</sup> )	—	0.0048	0.0047	0.0045	0.0045	0.0039

#### Number of employees

Number of employees (Non-consolidated)	59	64	65	70	79	86
Number of employees (Consolidated)	2,286	2,434	2,465	2,464	2,588	2,457

#### Average overtime (Non-consolidated/month)

Average overtime (Hours)	23.42	23.25	24.78	19.99	20.11	22.36
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#### Average years of service (Non-consolidated)

Average years of service (Years)	12.33	11.83	11.66	10.42	10.00	11.00
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#### Percentage of female employees (Non-consolidated)

Percentage of female employees (%)	27.12	25.00	27.69	28.57	30.38	30.23
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#### Percentage of female managers\*\* (Non-consolidated)

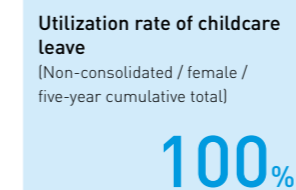
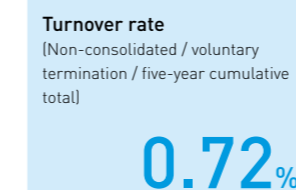
Percentage of female managers (%)	7.41	6.45	9.09	11.76	13.16	11.63
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#### Education and training expenses (Non-consolidated/year)

Education and training expenses (Millions of yen)	3.44	4.67	4.59	5.33	4.56	4.28
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#### Number of recruits (Non-consolidated)

New graduates	3	3	3	4	3	2
Mid-career	0	0	1	3	3	3



\*3 Scope of data: 27 office and commercial buildings owned by the Company (buildings subject to the Act on the Rational Use of Energy)

\*4 Calculated using emissions coefficients by energy supplier; therefore, CO<sub>2</sub> emissions and emission intensity are impacted by fluctuations in these coefficients.

\*5 Scope of data: Among buildings subject to the Act on the Rational Use of Energy, office and commercial buildings owned by the Company for which calculation is possible













\*6 Calculated by dividing female managers by the total number of managers

# List of Major Properties

## Osaka

<p><b>Daibiru-Honkan Building</b> 3-6-32, Nakanoshima, Kita-ku, Osaka Completed in Feb. 2013 Gross floor area 48,197.75 m<sup>2</sup> 22 floors above ground, 2 floors below ground</p> 	<p><b>Nakanoshima Daibiru Building</b> 3-3-23, Nakanoshima, Kita-ku, Osaka Completed in Mar. 2009 Gross floor area 79,543.04 m<sup>2</sup> 35 floors above ground, 2 floors below ground</p> 	<p><b>Shin-Daibiru Building</b> 1-2-1, Dojima, Kita-ku, Osaka Completed in Mar. 2015 Gross floor area 77,388.49 m<sup>2</sup> 31 floors above ground, 2 floors below ground</p> 	<p><b>Umeda Daibiru Building</b> 3-3-10, Umeda, Kita-ku, Osaka Completed in May 2000 Gross floor area 42,363.23 m<sup>2</sup> 23 floors above ground, 3 floors below ground</p> 	<p><b>Tosabori Daibiru Building</b> 2-2-4, Tosabori, Nishi-ku, Osaka Completed in Jul. 2009 Gross floor area 37,496.96 m<sup>2</sup> 17 floors above ground, 1 floor below ground</p> 	<p><b>Yodoyabashi Daibiru Building</b> 4-4-9, Korabashi, Chuo-ku, Osaka Completed in Feb. 1997 Gross floor area 11,273.19 m<sup>2</sup> 14 floors above ground, 2 floors below ground</p> 	<p><b>Awajimachi Daibiru Building</b> 3-1-9, Awajimachi, Chuo-ku, Osaka Completed in May 1986 Gross floor area 10,344.37 m<sup>2</sup> 8 floors above ground, 1 floor below ground</p> 	<p><b>Dokita Daibiru Building</b> 1-2-5, Dojima, Kita-ku, Osaka Completed in Mar. 1986 Gross floor area 4,282.71 m<sup>2</sup> 7 floors above ground, 1 floor below ground</p> 	<p><b>Kita-Umeda Daibiru Building</b> 1-2-5, Dojima, Kita-ku, Osaka Completed in Jan. 1997 Gross floor area 4,184.83 m<sup>2</sup> 8 floors above ground, 1 floor below ground</p> 	<p><b>Estate Tosabori Building</b> 2-2-17, Tosabori, Nishi-ku, Osaka Completed in Oct. 1997 Gross floor area 5,634.91 m<sup>2</sup> 5 floors above ground, 1 floor below ground</p> 	<p><b>Dojima Daibiru Building (ANA Crowne Plaza Osaka)</b> 1-3-1, Dojima, Kita-ku, Osaka Completed in Sep. 1984 Gross floor area 44,770.16 m<sup>2</sup> 23 floors above ground, 3 floors below ground</p> 
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## Tokyo

<p><b>Hibiya Daibiru Building</b> 1-2-2, Uchisaiwaicho, Chiyoda-ku, Tokyo (First phase) Completed in Oct. 1989 (Second phase) Completed in Nov. 1991 Gross floor area 29,948.50 m<sup>2</sup> 21 floors above ground, 3 floors below ground</p> 	<p><b>Akihabara Daibiru Building</b> 1-18-13, Sotokanda, Chiyoda-ku, Tokyo Completed in Mar. 2005 Gross floor area 50,289.59 m<sup>2</sup> 31 floors above ground, 2 floors below ground</p> 	<p><b>Shosen Mitsui Building (Toranomon Daibiru Building)</b> 1-1, Toranomon, Minato-ku, Tokyo Completed in Nov. 1979 Gross floor area 34,655.23 m<sup>2</sup> 16 floors above ground, 3 floors below ground</p> 	<p><b>Yaesu Daibiru Building</b> 1-1-1, Niyobashi, Chuo-ku, Tokyo Completed in Jun. 1968 Gross floor area 26,723.04 m<sup>2</sup> 9 floors above ground, 5 floors below ground</p> 	<p><b>Aoyama Rise Square</b> 5-1-22, Minamiosoyama, Minato-ku, Tokyo Completed in Apr. 2003 Gross floor area 25,010.81 m<sup>2</sup> 16 floors above ground, 2 floors below ground</p> 	<p><b>Kojimachi Daibiru Building</b> 5-7-1, Kojimachi, Chiyoda-ku, Tokyo Completed in Sep. 1976 Gross floor area 11,689.67 m<sup>2</sup> 7 floors above ground, 2 floors below ground</p> 	<p><b>Shiba Daibiru Building</b> 5-21-4, Shiba, Minato-ku, Tokyo Completed in Jun. 1989 Gross floor area 10,833.24 m<sup>2</sup> 10 floors above ground, 1 floor below ground</p> 	<p><b>Uchisaiwaicho Daibiru Building</b> 1-3-3, Uchisaiwaicho, Chiyoda-ku, Tokyo Completed in Jan. 1983 Gross floor area 10,121.85 m<sup>2</sup> 9 floors above ground, 2 floors below ground</p> 	<p><b>Mita Nitto Daibiru Building</b> 3-11-36, Mita, Minato-ku, Tokyo Completed in Sep. 1984 Gross floor area 10,008.21 m<sup>2</sup> 8 floors above ground, 1 floor below ground</p> 	<p><b>Estate Shiba Building</b> 5-17-2, Shiba, Minato-ku, Tokyo Completed in Dec. 1987 Gross floor area 498.92 m<sup>2</sup> 5 floors above ground</p> 	<p><b>Seavans South</b> 1-2-3, Shibaura, Minato-ku, Tokyo Completed in Jan. 1991 Gross floor area 74,222.45 m<sup>2</sup> 24 floors above ground, 2 floors below ground</p> 	<p><b>Shinjuku Daibiru Building (Shinjuku ALTA)</b> 3-24-3, Shinjuku, Shinjuku-ku, Tokyo Completed in Apr. 1980 Gross floor area 11,254.82 m<sup>2</sup> 8 floors above ground, 3 floors below ground</p> 
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## Sapporo

<p><b>BITO AKIBA</b> 1-18-19, Sotokanda, Chiyoda-ku, Tokyo Completed in July 2019 Gross floor area 4,947.6 m<sup>2</sup> 11 floors above ground, 2 floors below ground</p> 	<p><b>BITO AKIBA PLAZA</b> 1-18-18, Sotokanda, Chiyoda-ku, Tokyo Completed in Mar. 2005 Gross floor area 3,201.22 m<sup>2</sup> 9 floors above ground, 1 floor below ground</p> 	<p><b>Nihonbashi 3-Chome Building</b> 3-2-17, Nihonbashi, Chuo-ku, Tokyo Completed in Mar. 1989 Gross floor area 2,304.78 m<sup>2</sup> 7 floors above ground, 2 floors below ground</p> 	<p><b>DAIBIRU PIVOT</b> Nishi 4-chome, Chuo-ku, Minami 2-jo, Sapporo Completed in Dec. 1985 Gross floor area 213.50 m<sup>2</sup> 9 floors above ground, 3 floors below ground</p> 	<p><b>DAIBIRU PIVOT WEST</b> Nishi 4-chome, Chuo-ku, Minami 2-jo, Sapporo Completed in Dec. 1985 Gross floor area 213.50 m<sup>2</sup> 3 floors above ground</p> 	<p><b>DAIBIRU PIVOT SOUTH</b> Nishi 4-chome, Chuo-ku, Minami 2-jo, Sapporo Completed in Aug. 1969 Gross floor area 2,567.14 m<sup>2</sup> 7 floors above ground, 2 floors below ground</p> 
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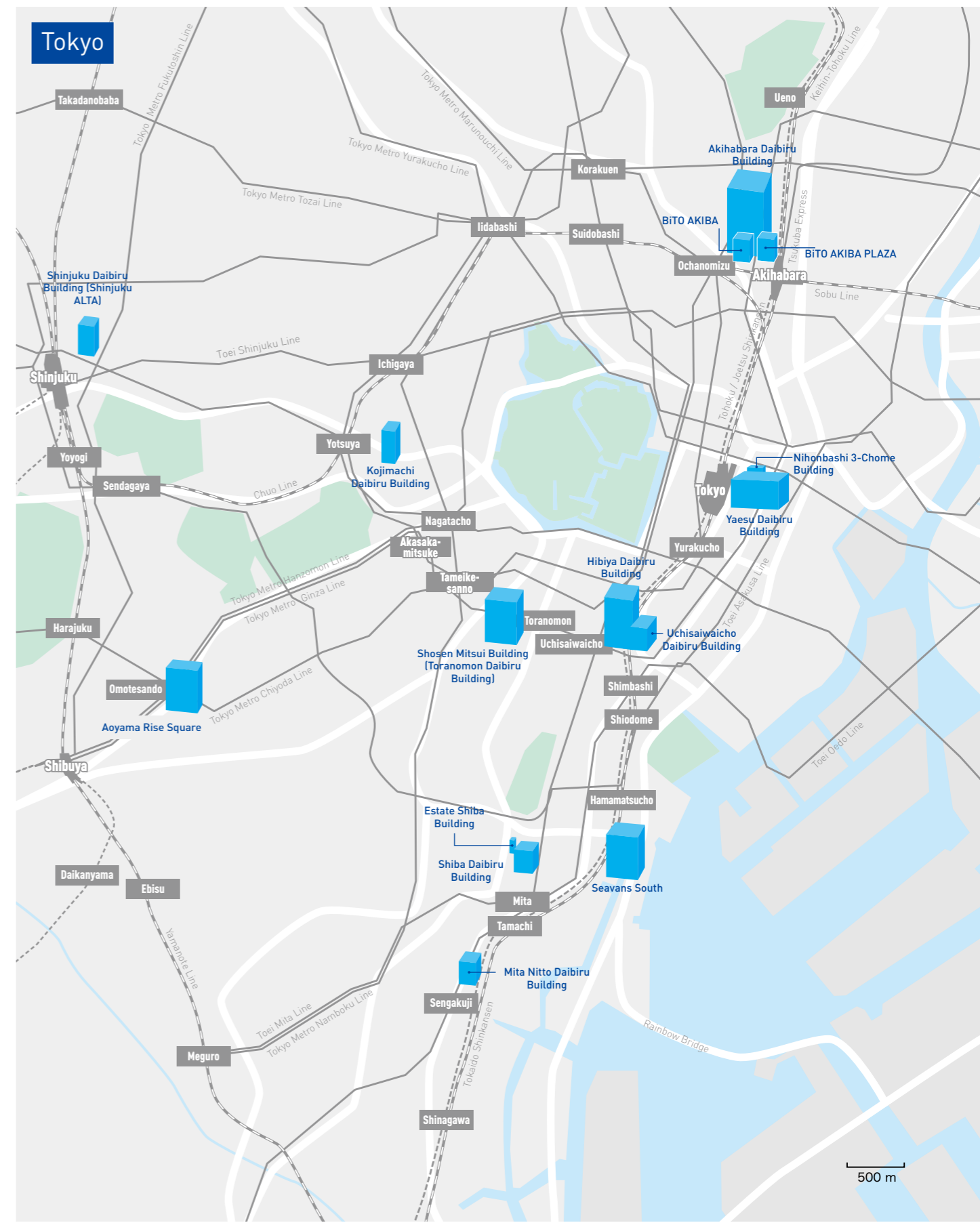
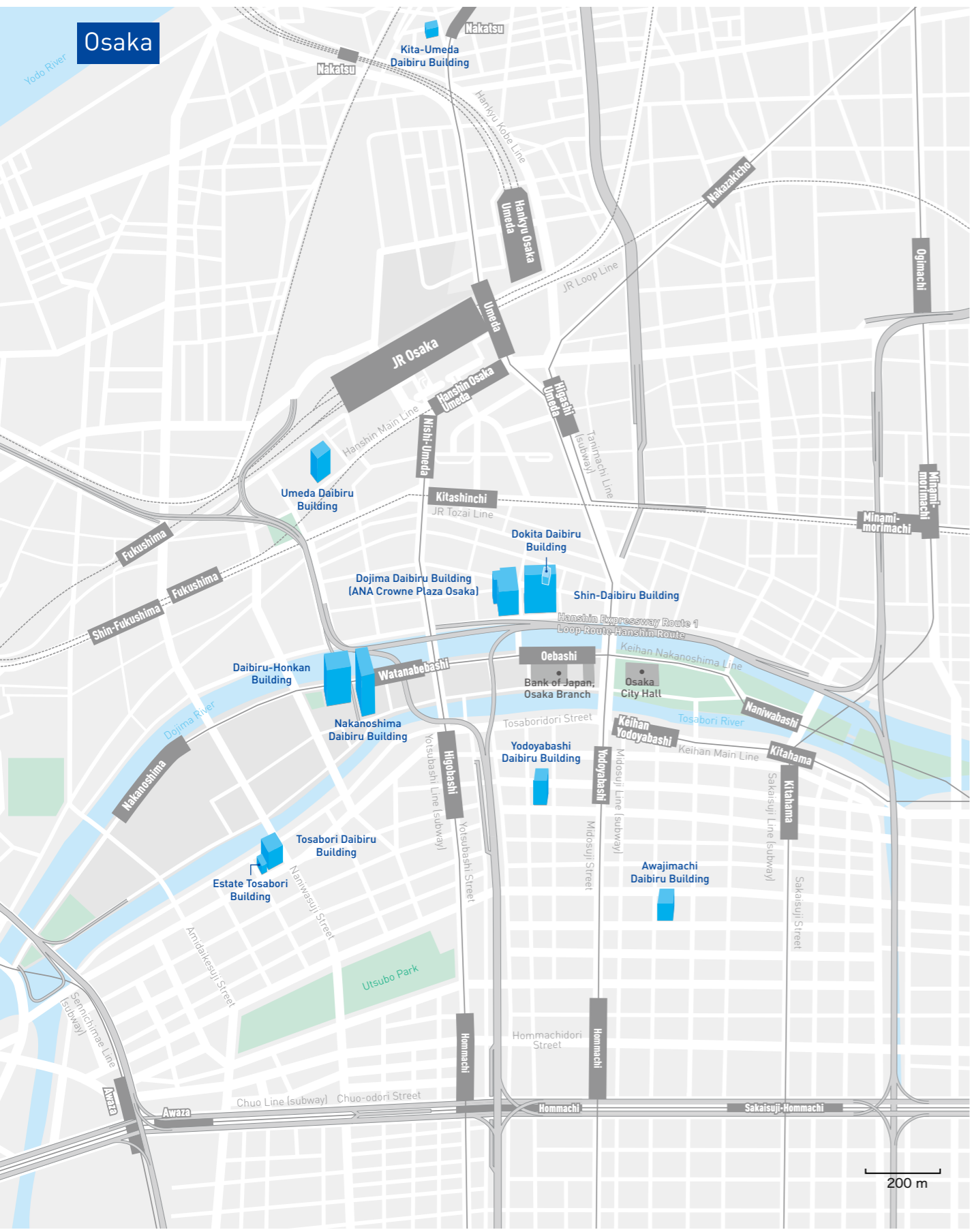
## Vietnam

<p><b>Saigon Tower</b> Ho Chi Minh City Completed in Dec. 1996 Gross floor area 17,396 m<sup>2</sup> 18 floors above ground, 2 floors below ground</p> 	<p><b>CornerStone Building</b> Hanoi Completed in Jun. 2013 Gross floor area 48,494 m<sup>2</sup> 14 floors above ground, 3 floors below ground</p> 	<p><b>275 George Street</b> Sydney Completed in Dec. 2020 Total lettable area 7,298 m<sup>2</sup> 15 floors above ground, 3 floors below ground</p> 
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## Australia

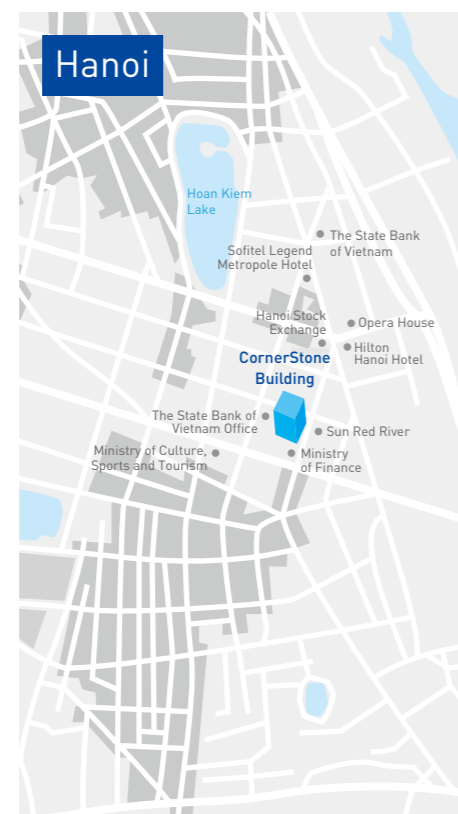
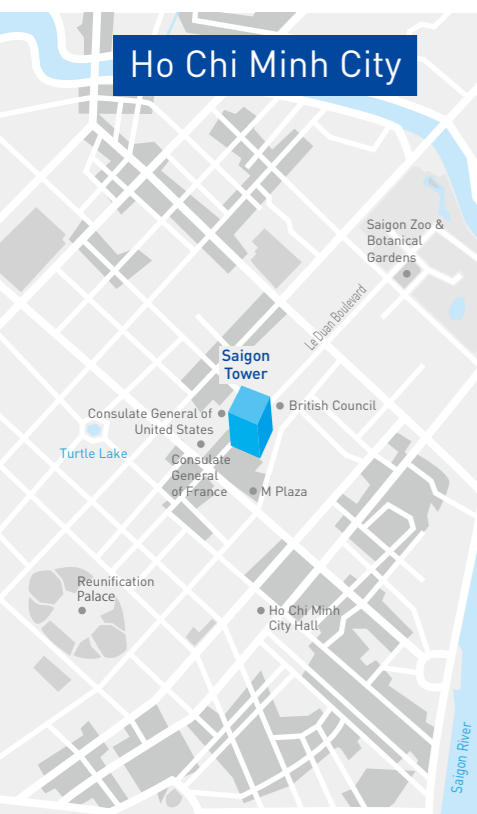
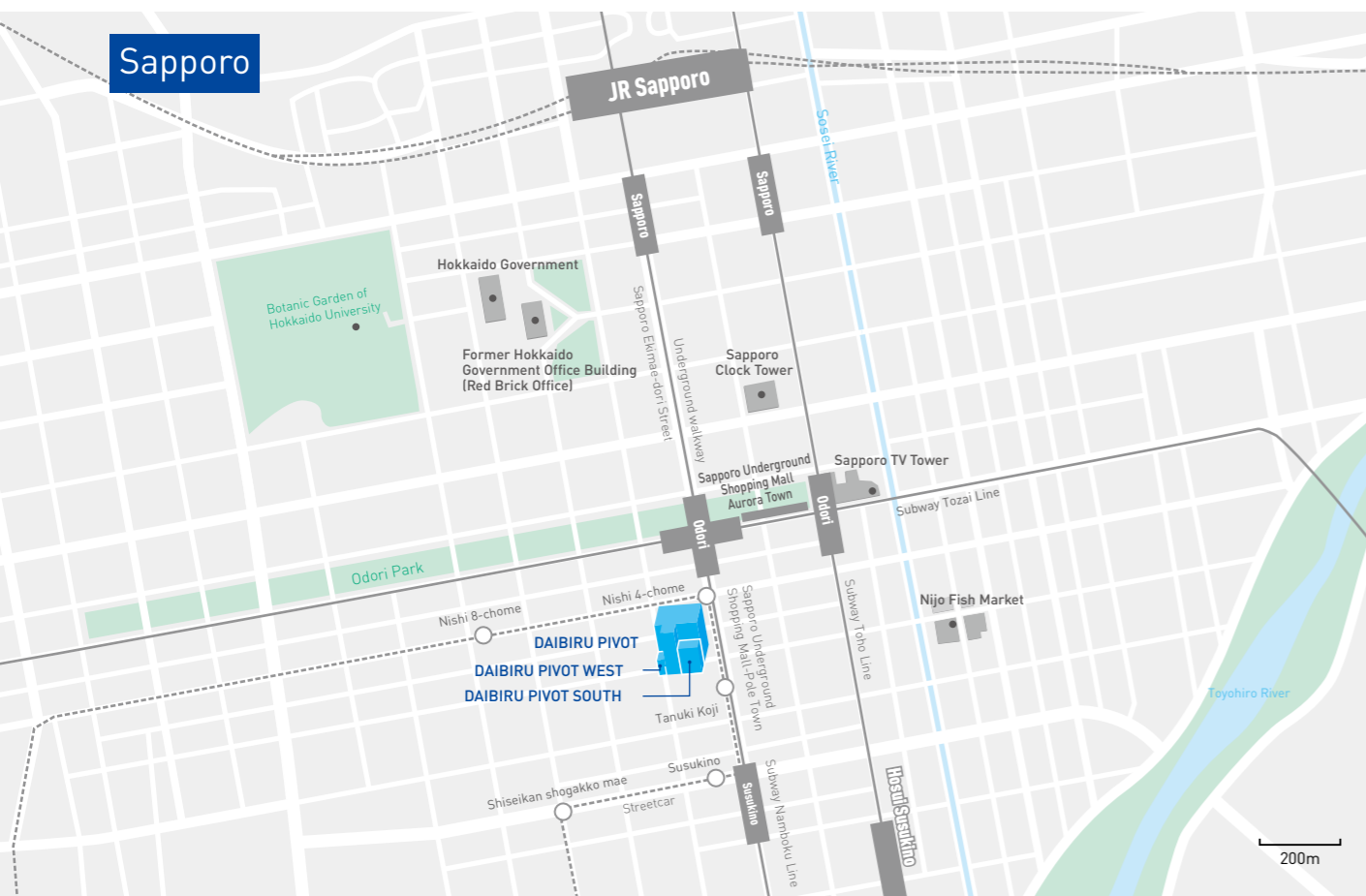
\* Including portions owned by co-owners

## Location Maps for Major Properties





### Location Maps for Major Properties



### Consolidated Financial Statements

#### Consolidated Balance Sheets

	2020/3	2021/3
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	17,975	18,752
Trade accounts receivable	990	1,257
Inventories	54	82
Other	2,027	1,766
Allowance for doubtful accounts	(12)	(13)
<b>Total current assets</b>	<b>21,035</b>	<b>21,844</b>
<b>Non-current assets</b>		
Property, plant and equipment		
Buildings and structures	234,782	236,495
Accumulated depreciation	(129,776)	(131,139)
Buildings and structures, net	105,006	105,356
Land	180,626	191,623
Land in trust	31,231	31,231
Construction in progress	9,472	575
Other	4,177	4,593
Accumulated depreciation	(3,818)	(3,986)
Other, net	359	606
<b>Total property, plant and equipment</b>	<b>326,696</b>	<b>329,394</b>
<b>Intangible assets</b>		
Goodwill	1,548	1,653
Other	11,218	10,400
<b>Total intangible assets</b>	<b>12,766</b>	<b>12,054</b>
<b>Investments and other assets</b>		
Investment securities	20,512	27,834
Retirement benefit asset	460	599
Deferred tax assets	376	611
Other	1,593	1,605
Allowance for doubtful accounts	(15)	(15)
<b>Total investments and other assets</b>	<b>22,927</b>	<b>30,634</b>
<b>Total non-current assets</b>	<b>362,390</b>	<b>372,083</b>
<b>Total assets</b>	<b>383,426</b>	<b>393,928</b>

(Millions of yen)

	2020/3	2021/3
<b>Liabilities</b>		
<b>Current liabilities</b>		
Current portion of long-term borrowings	8,360	15,718
Current portion of bonds payable	15,000	—
Income taxes payable	2,142	2,171
Accrued consumption taxes	165	1,078
Provision for bonuses for directors (and other officers)	73	67
Provision for environmental measures	622	—
Other	5,306	8,589
<b>Total current liabilities</b>	<b>31,669</b>	<b>27,625</b>
<b>Non-current liabilities</b>		
Bonds payable	95,000	95,000
Long-term borrowings	51,372	55,690
Leasehold and guarantee deposits received	25,653	24,699
Deferred tax liabilities	6,554	8,925
Deferred tax liabilities for land revaluation	13,439	13,439
Provision for retirement benefits for directors (and other officers)	81	90
Retirement benefit liability	829	876
Other	998	235
<b>Total non-current liabilities</b>	<b>193,928</b>	<b>198,956</b>
<b>Total liabilities</b>	<b>225,598</b>	<b>226,581</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Share capital	12,227	12,227
Capital surplus	13,852	13,850
Retained earnings	112,239	116,290
Treasury shares	(148)	(431)
<b>Total shareholders' equity</b>	<b>138,171</b>	<b>141,937</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	10,528	15,641
Deferred gains or losses on hedges	(500)	12
Revaluation reserve for land	6,779	6,779
Foreign currency translation adjustment	973	995
<b>Total accumulated other comprehensive income</b>	<b>17,780</b>	<b>23,429</b>
<b>Non-controlling interests</b>	<b>1,874</b>	<b>1,979</b>
<b>Total net assets</b>	<b>157,827</b>	<b>167,346</b>
<b>Total liabilities and net assets</b>	<b>383,426</b>	<b>393,928</b>

## Consolidated Financial Statements

## Consolidated Statements of Income

	(Millions of yen)	
	2020/3	2021/3
<b>Operating revenue</b>	42,817	42,909
Operating costs	27,258	26,643
<b>Operating gross profit</b>	15,559	16,266
Selling, general and administrative expenses	3,997	4,164
<b>Operating profit</b>	11,561	12,101
Non-operating income		
Interest income	67	67
Dividend income	721	647
Other	24	125
Total non-operating income	813	840
Non-operating expenses		
Interest expenses	1,282	1,116
Bond issuance costs	185	—
Foreign exchange losses	23	—
Other	25	153
Total non-operating expenses	1,516	1,269
<b>Ordinary profit</b>	10,858	11,672
Extraordinary income		
Gain on sale of investment securities	842	707
Total extraordinary income	842	707
Extraordinary losses		
Loss on building reconstruction	204	114
Loss on retirement of non-current assets	27	25
Total extraordinary losses	231	139
<b>Profit before income taxes</b>	11,469	12,240
Income taxes—current	3,823	3,899
Income taxes—deferred	(358)	(201)
Total income taxes	3,464	3,698
Profit	8,004	8,542
Profit attributable to non-controlling interests	71	104
<b>Profit attributable to owners of parent</b>	7,932	8,437

## Consolidated Statements of Comprehensive Income

	(Millions of yen)	
	2020/3	2021/3
<b>Profit</b>	8,004	8,542
<b>Other comprehensive income</b>		
Valuation difference on available-for-sale securities	(2,433)	5,112
Deferred gains or losses on hedges	(492)	513
Foreign currency translation adjustment	(513)	22
Total other comprehensive income	(3,440)	5,648
<b>Comprehensive income</b>	4,563	14,190
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of parent	4,492	14,086
Comprehensive income attributable to non-controlling interests	71	104

## Consolidated Statements of Changes in Net Assets

## Previous Fiscal Year (From Apr. 1, 2019 to Mar. 31, 2020)

	Shareholders' equity					Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of period	12,227	13,852	106,759	(148)	132,692	12,962	(7)	6,779	1,498	21,233	1,803	155,728
Changes during period												
Dividends of surplus			(2,449)		(2,449)							(2,449)
Profit attributable to owners of parent			7,932		7,932							7,932
Purchase of treasury shares				(0)	(0)							(0)
Change in scope of equity method				(3)	(3)							(3)
Net changes in items other than shareholders' equity						(2,433)	(492)	—	(525)	(3,452)	71	(3,380)
Total changes during period	—	—	5,479	(0)	5,479	(2,433)	(492)	—	(525)	(3,452)	71	2,098
<b>Balance at end of period</b>	12,227	13,852	112,239	(148)	138,171	10,528	(500)	6,779	973	17,780	1,874	157,827

## Current Fiscal Year (From Apr. 1, 2020 to Mar. 31, 2021)

	Shareholders' equity					Accumulated other comprehensive income					Non-controlling interests	Total net assets
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Total accumulated other comprehensive income		
Balance at beginning of period	12,227	13,852	112,239	(148)	138,171	10,528	(500)	6,779	973	17,780	1,874	157,827
Changes during period												
Dividends of surplus			(2,435)		(2,435)							(2,435)
Profit attributable to owners of parent			8,437		8,437							8,437
Purchase of treasury shares				(2,265)	(2,265)							(2,265)
Disposal of treasury shares			1	27	29							29
Cancellation of treasury shares			(3)	(1,950)	1,954							—
Net changes in items other than shareholders' equity						5,112	513	—	22	5,648	104	5,752
Total changes during period	—	(2)	4,051	(283)	3,766	5,112	513	—	22	5,648	104	9,518
<b>Balance at end of period</b>	12,227	13,850	116,290	(431)	141,937	15,641	12	6,779	995	23,429	1,979	167,346

## Appraised Value of Investment and Rental Properties (Millions of yen)

	2017/3	2018/3	2019/3	2020/3	2021/3
Fair value	477,110	491,318	528,418	570,777	585,892
Unrealized gain	165,672	183,354	213,030	235,415	248,835
Book value	311,438	307,964	315,388	335,362	337,057

Note: Total of investment and rental properties in Japan and overseas.

## Consolidated Financial Statements

## Consolidated Statements of Cash Flows

	2020/3	2021/3
(Millions of yen)		
<b>Cash flows from operating activities</b>		
Profit before income taxes	11,469	12,240
Depreciation	7,114	7,249
Amortization of goodwill	119	150
Increase (decrease) in provision for bonuses for directors (and other officers)	9	(5)
Increase (decrease) in debt for retirement benefits	30	26
Decrease (increase) in retirement benefit asset	(25)	(138)
Increase (decrease) in provision for retirement benefits for directors (and other officers)	14	8
Interest and dividend income	(788)	(714)
Interest expenses	1,282	1,116
Loss (gain) on sale of investment securities	(842)	(707)
Loss on retirement of non-current assets	27	25
Increase (decrease) in leasehold and guarantee deposits received	860	(938)
Decrease (increase) in leasehold and guarantee deposits	(3)	(8)
Decrease (increase) in trade receivables	88	(182)
Decrease (increase) in inventories	(1)	63
Increase (decrease) in trade payables	174	(90)
Increase (decrease) in accrued taxes on purchase of real estate	146	(146)
Decrease (increase) in consumption taxes receivable/payable	(498)	1,157
Other, net	(429)	(1,112)
Subtotal	18,746	17,992
Interest and dividends received	788	714
Interest paid	(1,265)	(1,198)
Income taxes paid	(3,698)	(3,850)
Net cash provided by (used in) operating activities	14,570	13,659
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(26,854)	(5,657)
Proceeds from sale of investment securities	956	752
Payments into time deposits	(1,670)	(2,199)
Proceeds from withdrawal of time deposits	377	3,017
Purchase of shares of subsidiaries resulting in change in scope of consolidation	—	(263)
Other, net	(112)	504
Net cash provided by (used in) investing activities	(27,303)	(3,845)
<b>Cash flows from financing activities</b>		
Net increase (decrease) in short-term borrowings	—	(50)
Proceeds from long-term borrowings	—	20,000
Repayments of long-term borrowings	(3,680)	(8,502)
Proceeds from issuance of bonds	30,000	—
Redemption of bonds	(10,000)	(15,000)
Purchase of treasury shares	(0)	(2,265)
Dividends paid	(2,448)	(2,434)
Other, net	(185)	(133)
Net cash provided by (used in) financing activities	13,685	(8,387)
Effect of exchange rate change on cash and cash equivalents	(19)	126
Net increase (decrease) in cash and cash equivalents	933	1,552
Cash and cash equivalents at beginning of period	15,403	16,336
<b>Cash and cash equivalents at end of period</b>	<b>16,336</b>	<b>17,889</b>

## Consolidated Segment Information

Previous Fiscal Year (From Apr. 1, 2019 to Mar. 31, 2020)

(Millions of yen)

	Reportable segment			Other	Total	Adjustment	Consolidated
	Leasing	Facility management	Total				
<b>Revenue</b>							
Outside customers	32,828	9,146	41,975	842	42,817	—	42,817
Intersegment	118	2,400	2,519	—	2,519	(2,519)	—
Total sales	32,947	11,547	44,494	842	45,336	(2,519)	42,817
<b>Segment income</b>	12,629	531	13,161	186	13,348	(1,786)	11,561
Assets	343,634	2,761	346,395	50	346,445	36,980	383,426
<b>Other items</b>							
Depreciation and amortization	7,101	13	7,114	—	7,114	—	7,114
Increase in property, plant and equipment and intangible assets	26,876	39	26,915	—	26,915	—	26,915

Current Fiscal Year (From Apr. 1, 2020 to Mar. 31, 2021)

(Millions of yen)

	Reportable segment			Other	Total	Adjustment	Consolidated
	Leasing	Facility management	Total				
<b>Revenue</b>							
Outside customers	33,544	8,661	42,205	703	42,909	—	42,909
Intersegment	115	2,376	2,491	0	2,491	(2,491)	—
Total sales	33,659	11,037	44,697	703	45,400	(2,491)	42,909
<b>Segment income</b>	13,268	522	13,791	149	13,941	(1,839)	12,101
Assets	348,134	3,913	352,048	56	352,104	41,823	393,928
<b>Other items</b>							
Depreciation and amortization	7,230	18	7,249	—	7,249	—	7,249
Increase in property, plant and equipment and intangible assets	9,024	16	9,041	—	9,041	—	9,041

# Corporate Data

## Stock Information (As of March 31, 2021)

### Stock Summary

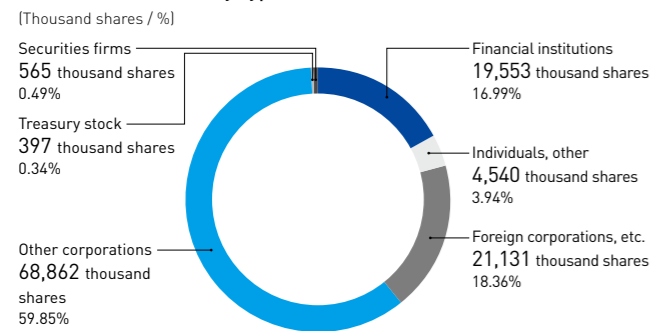
Number of Shares Authorized	300,000,000 shares
Number of Shares Issued	115,051,049 shares (Excluding 397,284 shares of treasury stock)
Number of Shareholders	3,698
Number of Shares per Trading Unit	100 shares
Listed Financial Instruments Exchange	First Section of the Tokyo Stock Exchange
Share Transfer Agent	Sumitomo Mitsui Trust Bank, Limited 1-4-1, Marunouchi, Chiyoda-ku, Tokyo, Japan

### Principal Shareholders (Top 10 shareholders)

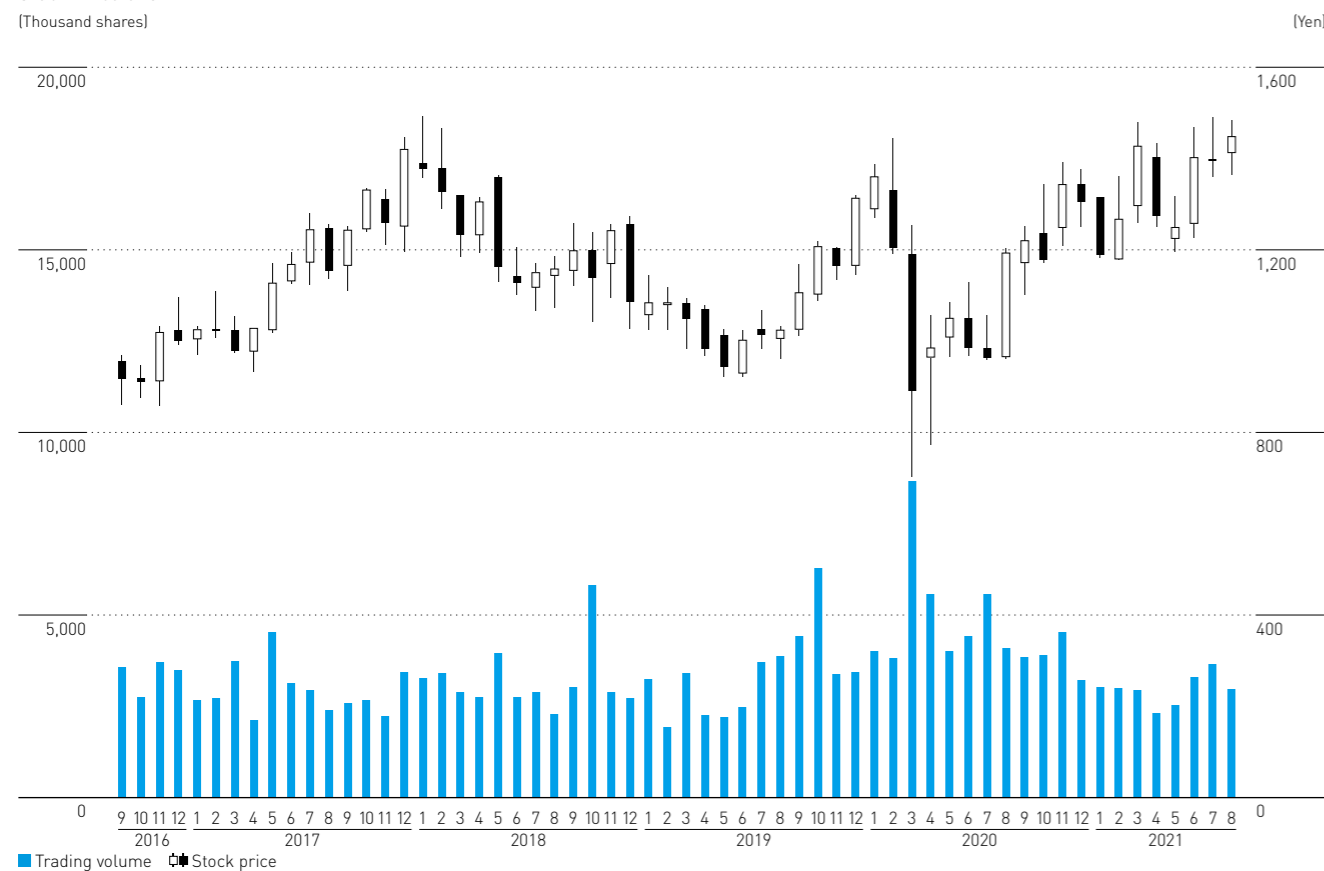
Name	Number of shares held (Thousand shares)	Shareholding ratio (%)
Mitsui O.S.K Lines, Ltd	59,527	51.91
Sumitomo Mitsui Banking Corporation	5,730	4.99
The Master Trust Bank of Japan, Ltd. (trust account)	4,644	4.05
Custody Bank of Japan, Ltd. (trust account)	4,600	4.01
The Kansai Electric Power Co., Inc.	2,953	2.57
CGML PB CLIENT ACCOUNT/COLLATERAL	1,784	1.55
SSBTC CLIENT OMNIBUS ACCOUNT	1,154	1.00
THE BANK OF NEW YORK 133972	854	0.74
Custody Bank of Japan, Ltd. (trust account 5)	790	0.68
The Sumitomo Warehouse Co., Ltd.	772	0.67

Notes: 1. The number of shares held is rounded down to the nearest thousand.  
2. The shareholding ratio is calculated by excluding the shares of treasury stock of the Company.

### Breakdown of Shares by Type of Shareholder



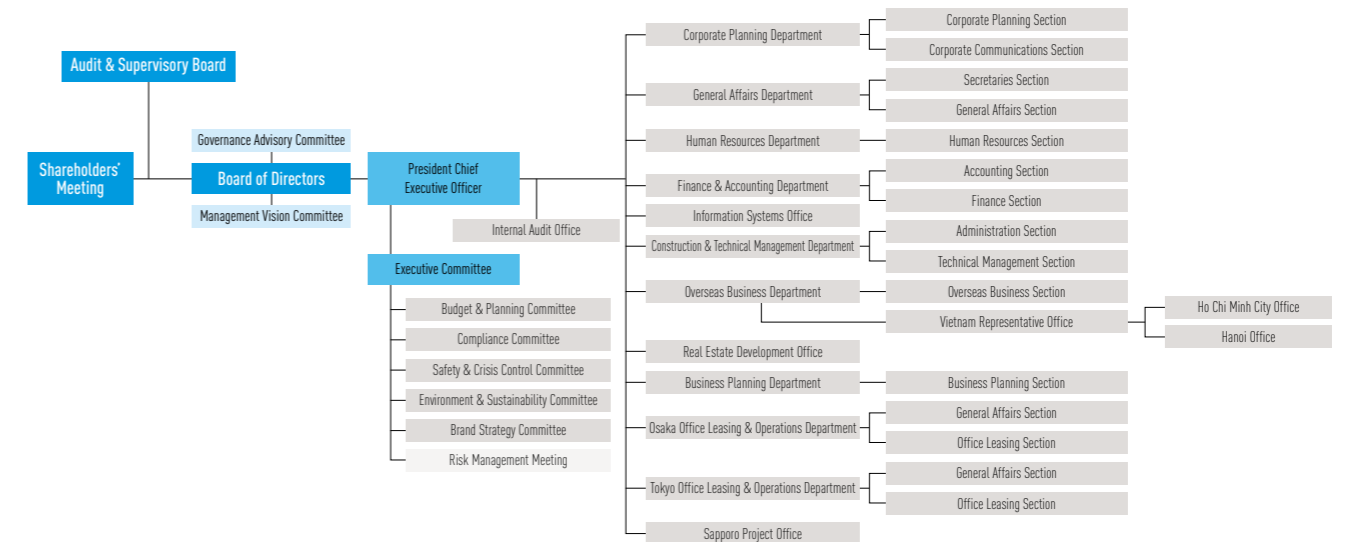
### Stock Price Chart



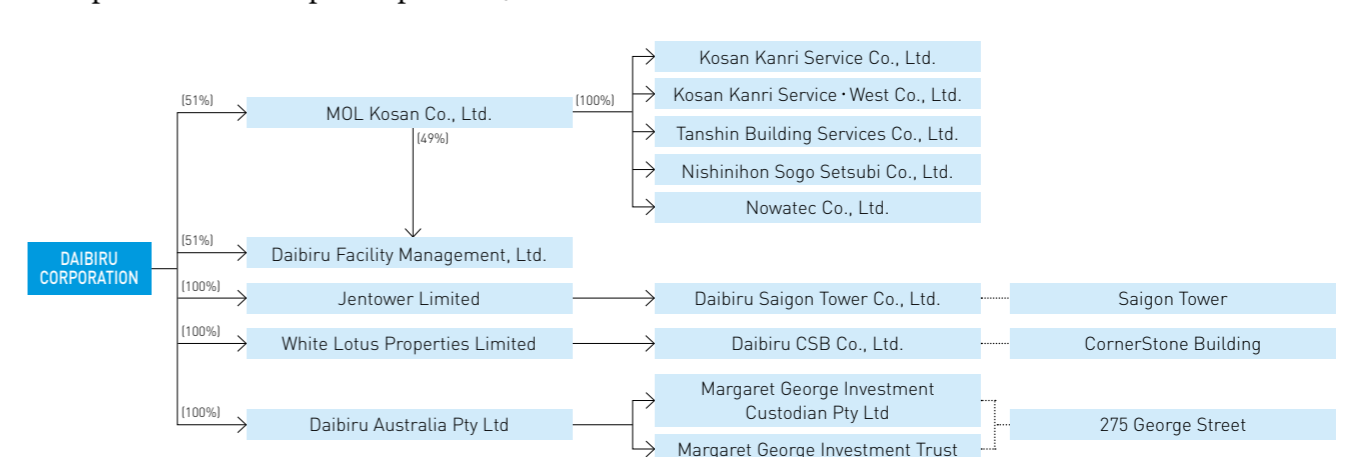
## Corporate Data

Corporate Name	DAIBIRU CORPORATION	Osaka Office	3-6-32, Nakanoshima, Kita-ku, Osaka 530-0005, Japan Tel: 81-6-6441-1936
Representative	Representative Director, President Chief Executive Officer Toshiyuki Sonobe	Tokyo Office	1-2-2, Uchisaiwaicho, Chiyoda-ku, Tokyo 100-0011, Japan Tel: 81-3-3506-7441
Establishment	October 15, 1923	Sapporo Office	2-3-1, Kita 2-jo Nishi, Chuo-ku, Sapporo 060-0002, Japan Tel: 81-11-218-0111
Capital	¥12,227,847,277	Vietnam Representative Offices	Ho Chi Minh City Office 15th Floor, Saigon Tower, 29 Le Duan Boulevard, District 1, Ho Chi Minh City, Vietnam Tel: 84-28-3822-5350 Hanoi Office 4th Floor, CornerStone Building, 16 Phan Chu Trinh Street, Hoan Kiem District, Hanoi, Vietnam Tel: 84-24-3824-5777
Principal Shareholders	Mitsui O.S.K. Lines, Ltd. / Sumitomo Mitsui Banking Corporation / The Kansai Electric Power Co., Inc.		
Main Business	Ownership, operation, management, and leasing of real estate		
Number of Employees	Consolidated: 2,457 Non-consolidated: 86		
Head Office	3-6-32, Nakanoshima, Kita-ku, Osaka 530-0005, Japan Tel: 81-6-6441-1932		

## Organizational Chart



## Composition of Group Companies



One additional consolidated subsidiary not shown

## Statue of an eagle and a girl

### Tangible Cultural Property, designated by Osaka City

In March 2015, the statue of an eagle and a girl placed in the Daibiru-Honkan Building was designated as a Tangible Cultural Property by Osaka City.



# DAIBIRU CORPORATION

<https://www.daibiru.co.jp/english/>

Osaka Office 3-6-32, Nakanoshima, Kita-ku,  
Osaka 530-0005, Japan  
Tel: 81-6-6441-1936

Tokyo Office 1-2-2, Uchisaiwaicho, Chiyoda-ku,  
Tokyo 100-0011, Japan  
Tel: 81-3-3506-7441

Sapporo Office 2-3-1, Kita 2-jo Nishi, Chuo-ku,  
Sapporo 060-0002, Japan  
Tel: 81-11-218-0111

## Daibiru Report 2021



The Daibiru-Honkan Building and the Nakanoshima Daibiru Building along the Dojima River, as seen from the roof of the Shin-Daibiru Building

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