

Green Bond / Green Bond Programme Independent External Review Form

Section 1. Basic Information

| | |
|---|------------------------------------|
| Issuer name: | Tokyu Fudosan Holdings Corporation |
| Green Bond ISIN or Issuer Green Bond Framework Name, if applicable: | Green Bond Framework |
| Independent External Review provider's name: | Japan Credit Rating Agency, Ltd. |
| Completion date of this form: | November 29, 2019 |
| Publication date of review publication: | November 29, 2019 |

Section 2. Review overview

SCOPE OF REVIEW

The following may be used or adapted, where appropriate, to summarise the scope of the review.

The review assessed the following elements and confirmed their alignment with the GBPs:

- | | |
|--|--|
| <input checked="" type="checkbox"/> Use of Proceeds | <input checked="" type="checkbox"/> Process for Project Evaluation and Selection |
| <input checked="" type="checkbox"/> Management of Proceeds | <input checked="" type="checkbox"/> Reporting |

ROLE(S) OF Independent External REVIEW PROVIDER

- | | |
|--|--|
| <input type="checkbox"/> Second Party Opinion | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification | <input checked="" type="checkbox"/> Scoring/Rating |
| <input type="checkbox"/> Other (please specify): | |

Note: In case of multiple reviews / different providers, please provide separate forms for each review.

Tokyu Fudosan Holdings Corporation (the “Company”) is a pure holding company, established on October 1, 2013, by means of joint transfer of three listed companies’ respective shares (Tokyu Land Corporation (“TLC”), Tokyu Community Corp. (“Tokyu Community”), and Tokyu Livable Inc. (“Tokyu Livable”). The Company is an equity-method affiliate of Tokyu Corporation, which is the its major shareholder holding 15.89% of total shares of TFHD as of March 31, 2019.

Subsidiaries under the Company’s umbrella include TLC, Tokyu Community, Tokyu Livable and affiliates such as Tokyu Hands Inc. (“Tokyu Hands”). The business portfolio currently consists of seven segments: (i) Urban Development which is engaged in development, leasing and management of office buildings and commercial facilities and sales of buildings and other properties, (ii) Residential segment which sells condominiums and detached housings, (iii) Property Management which provides management, maintenance and repairs services for condominiums and buildings, etc.

The Company has established the "Environmental Vision" consisting of the Eenvironmental Philosophy, Environmental Policy and Environmental Action, and promotes the challenge which contributes to the environmental improvement while sharing the concrete objectives with each group company. In the Midium-Term Management Plan, which covers the period from FY2017 to FY2020, the Company has set up KPIs to address issues related to the environment, and disclosed them along with the status of achievements for each fiscal year. Thus, the Company has incorporated a clear awareness of issues into specific activities.

The subject to be evaluated is the Green Bond Framework (the “Framework”) of the Company to limit the use of proceeds through the issuance of corporate bonds to projects with environmental improvement effects. JCR evaluates whether the Framework complies with the Green Bond Principles (2018 edition) and the Green Bond Guidelines (2017 edition). While the Green Bond Principles and the Green Bond Guidelines are not binding because they are principles or guidelines voluntarily published by the International Capital Markets Association (ICMA) and the Ministry of the Environment, and they are not regulatory, they are globally unified at this time and JCR evaluates the Framework with reference to these principles and guidelines.

The Company set green buildings (Eligibility Criteria: properties that have acquired or are expected to acquire at least one of (i) A rank or higher in CASBEE Certification, (ii) Gold or higher in LEED, (iii) 4 stars or more in BELS Certification, or (iv) 4 stars or more in DBJ Green Building Certification) or renewable energy generation facilities (solar power generation and wind power generation facilities) as the subject of the use of proceeds. JCR considers that the eligibility criteria set by the Company have high environmental improvement effect.

JCR confirmed that the Green Bond management system issued under the Framework has been established and highly transparent, and that the Company's management has positioned environmental issues as a high priority issue. This is because the use of proceeds is to be selected through appropriate processes involving specialized departments, funds management is scheduled to be conducted appropriately using an in-house system, and appropriate indicators are to be set for reporting and necessary matters are to be disclosed.

As a result, based on the JCR Green Finance Evaluation Methodology, JCR assigns “g1 (F)” for the “Greenness Evaluation (Use of Proceeds)” and “m1 (F)” for the "Management, Operation and Transparency Evaluation." Consequently, JCR assigns “Green 1(F)” for overall "JCR Green Finance Framework Evaluation."

<https://www.jcr.co.jp/en/greenfinance/>

Section 3. Detailed review

Reviewers are encouraged to provide the information below to the extent possible and use the comment section to explain the scope of their review.

1. USE OF PROCEEDS

Overall comment on section (if applicable):

a. On the environmental improvement effects of the project

- i. Funds are used for I. the acquisition or refinancing of buildings that have acquired or are scheduled to acquire environmental certification for the top 2 categories of regional, national or internationally recognized certification levels (Green Building) or II. Renewable Energy Power Generation Facilities, and they are expected to have high environmental improvement effect.
- ii. Among the uses of proceeds, green buildings fall under "green buildings that have acquired regional, national or internationally recognized certification" and "energy conservation" as defined in the Green Bond Principles or the Ministry of the Environment's Green Bond Guidelines, and renewable energy power generation facilities fall under "renewable energy."

b. Negative impact on Environment

When the Company acquires or selects a project, it examines the negative impact that the project may have on the environment and society, and confirms that the likelihood of such negative impact is low. In addition to the above, procedures such as necessary approvals and environmental assessments for renewable energy are subject to confirm.

Use of proceeds categories as per GBP:

- | | |
|--|--|
| <input checked="" type="checkbox"/> Renewable energy | <input checked="" type="checkbox"/> Energy efficiency |
| <input type="checkbox"/> Pollution prevention and control | <input type="checkbox"/> Environmentally sustainable management of living natural resources and land use |
| <input type="checkbox"/> Terrestrial and aquatic biodiversity conservation | <input type="checkbox"/> Clean transportation |
| <input type="checkbox"/> Sustainable water and wastewater management | <input type="checkbox"/> Climate change adaptation |
| <input type="checkbox"/> Eco-efficient and/or circular economy adapted products, production technologies and | <input checked="" type="checkbox"/> Green buildings |
| <input type="checkbox"/> Unknown at issuance but currently expected to conform with GBP categories, or other eligible areas not yet stated in GBPs | <input type="checkbox"/> Other (please specify) : |

If applicable please specify the environmental taxonomy, if other than GBPs:

2. PROCESS FOR PROJECT EVALUATION AND SELECTION

Overall comment on section (if applicable):

The Company has established clear environmental objectives, project selection criteria, and processes for the use of proceeds.
Such matters are disclosed in the JCR's evaluation report.

Evaluation and selection

- | | |
|--|---|
| <input checked="" type="checkbox"/> Credentials on the issuer's environmental sustainability objectives | <input checked="" type="checkbox"/> Documented process to determine that projects fit within defined categories |
| <input checked="" type="checkbox"/> Defined and transparent criteria for projects eligible for Green Bond proceeds | <input checked="" type="checkbox"/> Documented process to identify and manage potential ESG risks associated with the project |
| <input checked="" type="checkbox"/> Summary criteria for project evaluation and selection publicly available | <input type="checkbox"/> Other (please specify) : |

Information on Responsibilities and Accountability

- | | |
|---|---|
| <input type="checkbox"/> Evaluation / Selection criteria subject to external advice or verification | <input checked="" type="checkbox"/> In-house assessment |
| <input type="checkbox"/> Other (please specify) : | |

3. MANAGEMENT OF PROCEEDS

Overall comment on section (if applicable) :

The Company plans to manage the funds procured by green bonds through an internal financial management system, and it is assumed that the records of deposits and withdrawals will be appropriately kept.

Funds may be used for new projects, and thus the funds raised are to be allocated within 18 months of issuance. However, the funds to be raised are to be managed in cash or cash equivalents until the funds are to be appropriated. If the project ceases to be eligible for the use of proceeds due to the sale, the Company will use the funds to alternative projects that satisfy Eligibility Criteria. The green bond-related documents are to be stored until the green bonds are redeemed and an appropriate system is in place.

Tracking of proceeds:

- | |
|---|
| <input checked="" type="checkbox"/> Green Bond proceeds segregated or tracked by the issuer in an appropriate manner |
| <input checked="" type="checkbox"/> Disclosure of intended types of temporary investment instruments for unallocated proceeds |
| <input type="checkbox"/> Other (please specify): |

Additional disclosure:

- | | |
|--|---|
| <input type="checkbox"/> Allocations to future investments only | <input checked="" type="checkbox"/> Allocations to both existing and future investments |
| <input type="checkbox"/> Allocation to individual disbursements | <input type="checkbox"/> Allocation to a portfolio of disbursements |
| <input type="checkbox"/> Disclosure of portfolio balance of unallocated proceeds | <input type="checkbox"/> Other (please specify) : |

4. REPORTING

Overall comment on section (if applicable):

a. Reporting on proceeds allocation

Funding under the Framework includes new green buildings and renewable energy generation facilities. For this reason, funds from green bonds is expected to be available within 18 months of issuance, and the status of green bonds financing will be disclosed on the Company's website until the full amount is appropriated.

If the project ceases to be eligible for the use of proceeds due to the sale, the Company will allocate the funds to alternative projects that satisfy Eligibility Criteria. In this case also, it is assumed that the Company will disclose on its website.

b. Impact reporting for environmental benefits

The Company plans to report on the effects of environmental improvement in the green building and renewable energy businesses. Disclosure items and disclosure frequency are evaluated as appropriate based on the Green Bond Principles. Out of the items disclosed, data on climate change, such as energy consumption, GHG emissions, and water consumption on the 2018 Integrated Report and its website, have been independently guaranteed by SGS Japan Co., Ltd., and efforts are being made to increase the reliability of disclosure.

Use of proceeds reporting:

☒ Project-by-project

☐ Linkage to individual bond(s)

☒ On a project portfolio basis

☐ Other (please specify):

Information reported:

☒ Allocated amounts

☐ Other (please specify):

☐ Green Bond financed share of total investment

frequency:

☒ Annual

☐ Other (please specify):

☐ Semi-annual

Impact reporting:

☒ Project-by-project

☐ Linkage to individual bond(s)

☐ On a project portfolio basis

☐ Other (please specify):

frequency:

☒ Annual

☐ Other (please specify):

☐ Semi-annual

Information reported (expected or ex-post):

☒ GHG Emissions / Savings

☐ Decrease in water use

☒ Energy Savings

☒ Other ESG indicators (please specify):

Acquired valid environmental certification

Means of Disclosure

- | | |
|--|---|
| <input type="checkbox"/> Information published in financial report | <input type="checkbox"/> Information published in sustainability report |
| <input type="checkbox"/> Information published in ad hoc documents | <input checked="" type="checkbox"/> Other (<i>please specify</i>): Show on the website |
| <input type="checkbox"/> Reporting reviewed | |

Where appropriate, please specify name and date of publication in the useful links section.

USEFUL LINKS (*e.g. to review provider methodology or credentials, to issuer's documentation, etc.*)

| | |
|---|---|
| Sustainability activities by Tokyu Fudosan Holdings Corporation | https://tokyu-fudosan-hd-csr.disclosure.site/en |
| JCR's website about green bond evaluation methodology | https://www.jcr.co.jp/en/greenfinance/ |

SPECIFY OTHER EXTERNAL REVIEWS AVAILABLE, IF APPROPRIATE

Type(s) of Review provided:

- | | |
|---|--|
| <input type="checkbox"/> Second Party Opinion | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification | <input checked="" type="checkbox"/> Scoring/Rating |
| <input type="checkbox"/> Other (<i>please specify</i>): | |

Review provider(s): Japan Credit Rating Agency, Ltd.

Date of publication: November 29, 2019

ABOUT ROLE(S) OF INDEPENDENT REVIEW PROVIDERS AS DEFINED BY THE GBP

1. **Second Party Opinion:** An institution with environmental expertise, that is independent from the issuer may issue a Second Party Opinion. The institution should be independent from the issuer's adviser for its Green Bond framework, or appropriate procedures, such as information barriers, will have been implemented within the institution to ensure the independence of the Second Party Opinion. It normally entails an assessment of the alignment with the Green Bond Principles. In particular, it can include an assessment of the issuer's overarching objectives, strategy, policy and/or processes relating to environmental sustainability, and an evaluation of the environmental features of the type of projects intended for the Use of Proceeds. 1.
2. **Verification:** An issuer can obtain independent verification against a designated set of criteria, typically pertaining to business processes and/or environmental criteria. Verification may focus on alignment with internal or external standards or claims made by the issuer. Also, evaluation of the environmentally sustainable features of underlying assets may be termed verification and may reference external criteria. Assurance or attestation regarding an issuer's internal tracking method for use of proceeds, allocation of funds from Green Bond proceeds, statement of environmental impact or alignment of reporting with the GBP, may also be termed verification.
3. **Certification:** An issuer can have its Green Bond or associated Green Bond framework or Use of Proceeds certified against a recognised external green standard or label. A standard or label defines specific criteria, and alignment with such criteria is normally tested by qualified, accredited third parties, which may verify consistency with the certification criteria.
4. **Green Bond Scoring/Rating:** An issuer can have its Green Bond, associated Green Bond framework or a key feature such as Use of Proceeds evaluated or assessed by qualified third parties, such as specialised research providers or rating agencies, according to an established scoring/rating methodology. The output may include a focus on environmental performance data, the process relative to the GBP, or another benchmark, such as a 2-degree climate change scenario. Such scoring/rating is distinct from credit ratings, which may nonetheless reflect material environmental risks.