

\_\_\_\_\_ Sustainability Finance Framework Evaluation by Japan Credit Rating Agency, Ltd. \_\_\_\_\_

Japan Credit Rating Agency, Ltd. (JCR) announces the following Sustainability Finance Framework Evaluation Results.

## JCR Assigns SU1 (F) to the Sustainability Finance Framework of Tokyu Fudosan Holdings Corporation

Subject : Tokyu Fudosan Holdings Corporation  
Sustainability Finance Framework

### <Sustainability Finance Framework Evaluation Results>

Overall Evaluation	SU1(F)
Greenness and Social Beneficial Impacts Evaluation (Use of proceeds)	gs1(F)
Management, Operation and Transparency Evaluation	m1(F)

### Chapter 1: Evaluation Overview

Tokyu Fudosan Holdings Co., Ltd. (Tokyu Fudosan HD) is a pure holding company established on October 1, 2013 through a joint stock transfer of 3 listed companies: Tokyu Fudosan Co., Ltd., Tokyu Community Co., Ltd., and Tokyu Livable Corporation. As of the end of March 2020, Tokyu Corporation (Tokyu) is the largest shareholder (15.90% stake), and Tokyu Fudosan HD is an equity-method affiliate of Tokyu.

Its operating companies include Tokyu Fudosan, Tokyu Community, Tokyu Livable, and Tokyu Hands. The business portfolio consists of 7 segments, including the city business, which includes the development, leasing, and operation of office buildings and commercial facilities, and the sale of buildings, as well as the residential business, which includes condominium sales and detached house sales, and the management and repair work of condominiums and buildings.

Tokyu Fudosan HD has established a sustainability vision: "We will solve social issues through our business activities and work with our stakeholders to realize sustainable society and growth." As a social issue facing us through our business activities, Tokyu Real estate HD defines SDGs to be addressed, identifies 7 items of materiality, and aims to solve materiality by providing facilities and services as outputs by leveraging the strengths of the Group's broad business portfolio, diverse assets, diverse customer bases, and human resources with expertise.

The scope of this evaluation is the sustainability finance framework (the "Framework") established by Tokyu Fudosan HD to limit the funds raised by means such as bonds or loans to the use of proceeds with environmental improvement effects and social benefits. JCR evaluates whether the Framework complies with the Green Bond Principles (2018 edition), the Social Bond Principles (2018 edition), the Sustainability Bonds Guidelines (2018 edition), the Green Loan

Principles (2018 edition), the Green Bond Guidelines (2020 edition) and the Green Loan Guidelines and the Sustainability Linked Loan Guidelines (2020 edition). These principles are not binding because they are voluntarily published principles or guidelines by the International Capital Markets Association (ICMA), the Loan Market Association (LMA) and the Asia-Pacific Loan Market Association (APLMA) and the Ministry of the Environment, respectively, and are not regulations, but JCR evaluates the Framework by reference to these principles and guidelines as uniform standards both domestically and internationally.

Tokyu Fudosan HD plans to use the funds procured through sustainability finance as green projects to finance green building, renewable energy, and forest conservation efforts, and as social projects to finance or refinance projects that contribute to basic infrastructure development, access to essential services, and socio-economic improvement and empowerment. JCR assesses the use of proceeds as having environmental and/or social benefits.

The targets of the use of proceeds were selected through an appropriate process involving specialized departments; cash management is planned to be appropriately conducted using an internal system; appropriate indicators are established for reporting and necessary matters are scheduled to be disclosed; therefore, JCR confirmed that the management and operation system for sustainability finance issued under the Framework has been established and is highly transparent, and that Tokyu Fudosan HD's management has positioned environmental and social issues as high priority issues.

Based on the JCR Sustainability Finance Assessment Methodology, JCR assigned "gs1(F)" for the "Greenness and Social Beneficial Impacts Evaluation (Use of proceeds)" and "m1(F)" for the "Management, Operation and Transparency Evaluation." Consequently, JCR assigned "SU 1(F)" for the "JCR Sustainability Finance Framework Evaluation." Evaluation results are discussed in detail in the next chapter. The Framework is also considered to meet the standards for items required by the Green Bond Principles, the Social Bond Principles, the Sustainability Bond Guidelines, and the Green Bond Guidelines and the Green Loan and Sustainability Linked Loan Guidelines issued by the Ministry of the Environment.<sup>1,2,3,4</sup>

---

<sup>1</sup> Green Bond Principles 2018 Version

<https://www.icmagroup.org/assets/documents/Regulatory/Green-Bonds/Green-Bonds-Principles-June-2018-270520.pdf>

<sup>2</sup> Social Bond Principles 2018 <https://www.icmagroup.org/green-social-and-sustainability-bonds/social-bond-principles-sbp/>

<sup>3</sup> Sustainability Bonds Guidelines 2018

<https://www.icmagroup.org/assets/documents/Regulatory/Green-Bonds/Sustainability-Bonds-Guidelines-June-2018-270520.pdf>

<sup>4</sup> Green Bond Guidelines 2020 and Green Loan and Sustainability Link Loan Guidelines

<https://www.env.go.jp/press/files/jp/113511.pdf>

## Chapter 2: Current Status of the Project on Each Evaluation Factor and JCR's Evaluation

### Evaluation Phase 1: Greenness and Social Beneficial Impacts Evaluation

JCR assigned "gs1", the highest grade, to "Evaluation Phase 1: Greenness and Social Beneficial Impacts Evaluation"

Rationale: The proceeds under the Framework will be allocated 100% to a green or social project, considering the factors described below.

#### (1) JCR's Key Consideration in This Factor

In this section, JCR begins by checking whether proceeds are used for projects with clear environmental improvement effects or projects with social benefits. Next, in cases where the use of proceeds is expected to have a negative impact on the environment and society, the impact is fully examined by an internal specialized department or an external third-party organization to confirm whether necessary measures for avoidance and mitigation have been taken. Finally, JCR confirms consistency with the Sustainable Development Goals (SDGs).

#### (2) Current Status of Evaluation Targets and JCR's Evaluation

<The Framework for Use of Proceeds>

Tokyu Fudosan HD has published a Green Bond Framework, which defines that the proceeds shall be used for financing Green Eligible Projects, and JCR assigned "Green 1(F)" to this Green Bond Framework in November 2019. This framework under this document was added one category to the Green Eligible Criteria set out in the existing Green Bond Framework, and also added the Social Eligible Criteria to the selection criteria for uses of proceeds. The Framework allows funds to be raised as green finance by solely using the green projects determined under the Framework as a use of proceeds, and funds to be raised as social finance by solely using the social projects determined under the Framework as a use of proceeds.

Funds raised by us under this Sustainability Finance Framework are expected to be used to fund expenditures or investments in new or existing assets that meet the following social projects and/or green projects (eligible Criteria 1-3). In addition, all social projects and/or green projects satisfy our "Value Provided through Project," and are measures/initiatives to realize our sustainable growth.

When we procure funds through Green Bonds or Green Loans, we select the use of funds from projects that satisfy the Green Eligible Criteria, if we procure funds through Social Bonds or Social Loans, projects that satisfy the Social Eligible Criteria, or, if we procure funds through Sustainability Bonds or Sustainability Loans, projects that satisfy both the Green Eligible Criteria and the Social Eligible Criteria.

- Value provided through business (output)
- Comfortable urban life
- Safe and reliable housing
- Physical and mental health
- Enhanced leisure
- Clean energy

## Social projects

Projects that contribute to the provision of either 1 or 2 below

1. Basic infrastructure development and access to essential services
2. Socioeconomic Improvement and Empowerment

## Green Projects

[Eligible Criteria 1: Green building]

The proceeds will be used to fund expenditures (such as land acquisition costs, planning and development costs, construction costs, and renovation costs) or investments in new or existing assets that meet any of the following eligible criteria:

- i. Objects for which any of the following certifications has been obtained or renewed within the past 36 months from the payment date of the Green Bond concerned
- ii. Properties for which any of the following third-party certifications is to be acquired or renewed in the future
- iii. Of the properties for which either of the following certifications is within the valid period, those completed within the past 36 months from the payment date of the relevant Green Bond
  - S rank or A rank in CASBEE-building or CASBEE-real estate
  - Platinum or Gold in LEED-BD+C and LEED-O+M certification
  - 5 or 4 stars in BELS
  - 5 or 4 stars in DBJ Green Building certification

[Eligible Criteria 2: Renewable energy (solar, wind power generation)]

Funds raised through sustainability finance will be used to create clean energy and to fund new or existing investments in renewable energy businesses that contribute to regional job creation and economic revitalization through the development and management of power plants.

Specifically, this is the cost required for the purchase, design, and land development of facilities related to solar and wind power generation projects (\*) in which we or our group companies invest in our funds to contribute to the de-carbonization

※ The Act on the Promotion of the Utilization of Non-fossil energy Sources and the Effective Use of Fossil Energy Resources by Energy Suppliers stipulated in the Act on the Promotion of Renewable Energy Generation Projects that can be permanently used as energy

Eligible criteria for Investment

- i. To be undertaken in Japan
- ii. Equipment accreditation (METI) and authorization have been obtained for the Object Equipment and the Case, and the Environmental Assessment (only applicable) has been properly completed.
- iii. Potentially negative environmental and social impacts should be considered. Specifically,

risk mitigation measures described below should be implemented.

- iv. Commencement of operations (commencement of business) within 36 months from the date of issuance of the related green bonds or scheduled to commence operations (commence business) after the date of issuance of the related green bonds

[Eligible Criteria 3: Initiatives for forest conservation]

Funds procured through sustainability finance will be used for new or existing assets (construction costs, renovation costs, etc.), equipment purchases and upgrades, etc. related to projects involving the creation of a community-recycling-oriented environment through the construction of a land consumption cycle for forest resources.

<List of Eligible Projects as of November 2020>

- i. Takeshiba, Tokyo Port City
- ii. (tentative name) Kudan-Minami 1-chome Project
- iii. Membership-based shared-office business "Business-Airport"
- iv. Startup support and co-creation business
- v. Senior housing business
- vi. Renewable Energy Business "ReENE"
- vii. Logistics Facilities Business "LOGI'Q"
- viii. Tokyu Resort Town Tateshina "Morigurashi"

<JCR's Evaluation for the Framework>

#### **a. Targets for use of proceeds and the value creation process**

Tokyu Fudosan HD shows a method to solve social problems through business activities as a value creation process.

In the value creation process, Tokyu Fudosan HD aims for sustainable growth of Tokyu Fudosan HD and society by leveraging the strengths of Tokyu Fudosan HD to solve the social issues that Tokyu Fudosan HD defines as materiality.

Tokyu Fudosan HD uses diverse assets, a diverse customer base, highly specialized human resources, and a culture that creates unique businesses to create new lifestyles in various phases of the life stage and create value in a wide range of situations, from urban life to resort facilities.

The services provided by Tokyu Fudosan HD to its customers are categorized into the following categories as value provided through its business: "comfortable urban life," "safe and secure housing," "mental and physical health," "enhanced leisure," and "clean energy." It is considered that these outputs will provide value that can contribute to resolve social issues.

Projects defined as eligible criteria in this framework belong to one of the categories of value provided through project (output), and contribute to improving the profitability of Tokyu Fudosan HD by providing services to customers, while at the same time aiming to realize solutions to environmental and social issues.

## b. Overview of each project

### 1. Tokyo Port City Takeshiba

Property name	Tokyo Port City Takeshiba
Address	7-1, Kaigan1-chome, Minato-ku, Tokyo
Major use	Offices, exhibition areas, meeting places, restaurants, merchandise stores, parking lots, bicycle parking lots
Site Area	Approx. 12,156.65 m <sup>2</sup>
Total floor area	Approx. 182,052.01 m <sup>2</sup>
Floors	40 aboveground floors and 1 basement floor
Completed	May 29, 2020
Environmental certification	DBJ Green Building Certification 5 Stars CASBEE S Ranking (Self-Assessment)

This complex is located four minutes from JR Hamamatsucho Station, two minutes on foot from Yurikamome Takeshiba Station, and five minutes on foot from Daimon Station on the Toei Subway Asakusa Line and Oedo Line. This consists of office towers, residence towers and port decks.

In addition to providing space to accommodate people who find it difficult to return home in the event of a disaster, this property is implementing disaster mitigation measures by establishing a disaster prevention stockpiling warehouse, storing about 6,300 people worth of stockpiles for 3 days, and supplying power in an emergency using a cogeneration system and emergency generators. The port deck developed by this project is a 500-meter deck that seamlessly connects Hamamatsu-cho Station to Takeshiba Station and Takeshiba-Futo Station to Takeshiba-Futo. This deck contributes to the convenience of users and local residents of the properties through the barrier-free function.<sup>5</sup>

### 2. Kudan-Minami 1-chome Project (tentative name)

Development business in Kudan, Chiyoda-ku, Tokyo. Focusing mainly on a complex building with 17 floors above ground and 3 floors below ground, whose main use is an office, it consists of the old Kudan Hall, a square with nature, a terrace along the ditch, and a walkway.

The complex building has high-performance equivalent to 5 stars of DBJ Plan certification and S rank of CASBEE certification (self-evaluation), which contributes to reducing environmental impact. In the event of a disaster, an agreement has been reached with Chiyoda Ward regarding the provision of drinking water and food and the place for evacuation to those who find it difficult to return home, and the specifications are planned to provide the functions that contribute to social benefits. Completion of the complex building is scheduled for July 2022.

### 3. Membership-based shared-office business "Business-Airport"

Tokyu Fudosan provides a shared office business. The company opened 13 offices including ones in Shibuya, Ebisu, and Marunouchi, and airport Takeshiba in Tokyo Port City Takeshiba, which opened in September 2020. Any of these is located within walking distance from the nearest stations that allows users to access to major stations in Tokyo in a short period of time, so they are highly convenient for business.

To enable startups to use this service to smoothly run their businesses, the company has established an "Address Member" allowing the members to register and use the addressee as the business address, and receive mail while using a lounge. Service offices offer several types of services depending on the space required and

<sup>5</sup> Decks to Hamamatsu-cho will be completed in the future.

expected number of users. The members can register the address under any of the services and flexibly switch the service type as the scale of the business expands. The provision of these services allows startups to start their businesses in well-located urban locations with relatively low initial costs and monthly office maintenance costs incurred as a result of starting a business. It also conducts events, etc. for members within the business airport, which also contributes to the provision of business opportunities.

#### **4. Startup support and co-creation business**

Tokyu Fudosan has developed "Plug and Play Shibuya powered by Tokyu real estate" and "GUILD" in Tokyo as co-creation facilities for start-ups.

Plug and Play Shibuya powered by Tokyu Fudosan is a co-working space and event space operated by Tokyu Fudosan with the purpose of supporting the creation of open innovation primarily through the provision of programs to startups by Plug and Play Japan Corporation (an accelerator with Silicon Valley in roots).

In addition to Plug and Play Shibuya powered by Tokyu Fudosan, GUILD was newly opened in 2018 as an office to support startups. GUILD series is deployed at 5 locations in the greater Shibuya area including Shibuya and Aoyama. GUILD mainly offers furnished small-lot offices spaces for startups. In addition, the facility is mainly occupied by venture capitals, etc. related to Tokyu Real Estate HD, and it constantly provides an environment that helps start-up to grow through providing a place for communication, know-hows, consultation for fund procurement, etc.

#### **5. Senior housing business**

Tokyu Fudosan's senior housing business (for independent individuals) and nursing-care housing business (for people in need of nursing care), which are developed under the brand names "Grand Clare" and "Grand Care." Tokyu Fudosan mainly operates 15 senior housing buildings and 6 nursing care housing buildings along the Tokyu line. Some facilities in senior housing provide programs to prevent locomotive syndrome, which weakens the foot and waist and makes walking difficult, and dementia (co-development with Juntendo University and Tokyu Sports Oasis) The business provides support to increase the healthy life expectancy of residents and the surrounding residents in senior housing. When nursing care is required for residents in the senior housing, it is also possible to relocate to nursing care facilities.

Senior housing and nursing homes are operated by the Tokyu E-Life Design, Inc., which is a company of Tokyu Realty. The Tokyu E-Life Design determines companies providing services in nursing homes such as medical treatment and meals.

Tokyu Fudosan is also developing a project to combine general subdivided houses, senior housing, and nursing care homes on the same site, under the motto "Creating a Generally Recycling-Oriented Urban Development" as a multi-purpose development. On the site, a community-open common area is established, and functions to support each generation are developed, such as lifestyle support services, child care services, and in-home nursing care services, to propose a community in which the parent generation and the child generation can live together in close proximity.

#### **6. Renewable Energy Business "ReENE"**

See "Environmental Improvement Effects of Green Projects" 2. Renewable Energy below.

This project contributes to "clean energy" of the provided value (output) through the business.

#### **7. Logistics Facilities Business "LOGI'Q"**

Tokyu Fudosan's logistics facilities business is operated under LOGI'Q brand. A total of 10 facilities have been developed in the Kanto, Kansai, and Chubu regions, including facilities through joint projects.

In addition to facilities with high environmental performance, the company is partnering with ReENE, a renewable energy business, and aims to operate facilities with low environmental impact by installing solar panels on the rooftop of the facilities.

Tokyu Fudosan intends to use properties that have acquired environmental certification in the future as a future use of proceeds.

## 8. Tokyu Resort Town Tateshina Morigurashi

See "Environmental Improvement Effects of Green Projects", below 3. Sustainable Management of Natural Resources and Land Use.

This project contributes to "clean energy" of the provided value (output) through the business.

### c. On the environmental improvement effects and social benefits of the project

#### i. Proceeds are used 100% for the projects, which are expected to derive high environmental improvement effects or social benefits.

This item examines the expected effects of each project. In November 2019, JCR granted "Green 1 (F)" to the Green Bond Framework formulated by Tokyu Real Estate HD using proceeds for 1 and 2 of the following projects. This framework has included 3 for new green projects and 4 and 5 for social projects as the use of proceeds.

Environmental Improvement Effects of Green Projects
---

#### 1. Green Building

The following is an overview and characteristics of environmental certification, which is the standard for green grade criteria of Tokyu Fudosan HD, and an evaluation of JCR on the level targeted by Tokyu Fudosan HD.

##### (1) CASBEE (Comprehensive Building Environmental Performance Assessment System)

This is a method to evaluate and rate the environmental performance of buildings, and it established the Comprehensive Environmental Evaluation Research Committee for buildings as a joint project between industry and government with the support of the Housing Bureau of the Ministry of Land, Infrastructure, Transport and Tourism in April 2001, and has been continuously developing and maintaining it since then. In addition to CASBEE-buildings and CASBEE-districts, valuation tools also include CASBEE-real estate developed with the aim of showing environmental performance in an easy-to-understand manner for the real estate market. The assessment results are divided into 5 scales: S rank (excellent), A rank (very good), B+ rank (good), B-rank (slightly inferior), and C-rank (inferior). CASBEE-real estate is classified into 4 grades: S rank (excellent), A rank (very good), B+ rank (good), and B rank (satisfying essential items).

Buildings with a total of 66 points or more fall under A ranking or higher under the qualified criteria determined by Tokyu Real Estate HD. In order to obtain the result, take Level 3 (3 points) for all the standard criteria and take higher than the standard level in some items. Therefore, the eligible criteria targeted by Tokyu Fudosan HD are evaluated as targeting buildings with high environmental improvement effects.

## **(2) LEED**

This is an environmental performance assessment system for buildings and cities that is developed and operated by the U.S. Green Building Council (USGBC), a non-profit organization. As of 2019, there were certified buildings in more than 160 countries or territories.

LEED adopts the acronym of Leadership in Energy and Environment Design, and the draft was published in 1996 and is updated once every few years.

There are 5 types of certification: BD+C (architectural design and construction), ID+C (interior design and construction), O+M (operation and maintenance of existing buildings), ND (neighborhood development), and HOMES (home).

Certification levels are expressed by the sum of the acquisition points for each item. In descending order of total points, Platinum (over 80 points), Gold (60-79 points), Silver (50-59 points), and Certified (Standard Certification) (40-49 points). In terms of items related to energy conservation, it is often the precondition for evaluation that the acquisition points are high or the necessary conditions have been achieved, and high energy efficiency is considered necessary in order to obtain a high level of certification. Therefore, Tokyu Fudosan HD believes that standard setting is appropriate.

## **(3) BELS (Energy Conservation Performance Indication System for Buildings)**

BELS is a system for labeling energy conservation performance of buildings. It is a system to evaluate and certify energy conservation performance of new and existing buildings by a third-party evaluation organization. Envelope performance (performance standard and specification standard) and primary energy consumption (performance standard and specification standard) become evaluation subjects, and the evaluation result is expressed by the number of stars by the achievement numerical value of energy saving standard. For high evaluation, it is required to have excellent energy saving performance. In BELS, the numbers of stars are ranked from 1 to 5 according to BEIs (Building Energy Index). BEI is a measure for energy conservation performance compared with the standard value, using the design primary energy consumption as the numerator and the standard primary energy consumption as the denominator. One star is the existing energy saving standard, two stars are the energy saving standard, and three stars are the guidance standard. Buildings with BELS 4 stars or higher that were determined eligible by Tokyu Fudosan HD are based on high energy conservation performance (non-housing:  $BEI \leq 0.7$ ) and have energy efficiencies of more than 30 percent compared to the reference primary energy expenditure. Accordingly, JCR believes that it targets buildings that can be expected to have a high environmental improvement effect.

## **(4) DBJ Green Building Certification**

Certification system provided by DBJ (Development Bank of Japan) to evaluate real estate with environmental and social considerations. The evaluation results are expressed as the number of stars, and the evaluation axis is "buildings with consideration for the environment and society". It evaluates 3 major categories: "Ecology (environmental)," "Amenity (comfort) & Risk Management (crime prevention and disaster prevention)," "Community (regional and landscape) & Partnership (stakeholder collaboration)." Each is represented by 5 stars (one of the highest in Japan), 4 stars (extremely excellent), 3 stars (very excellent), 2 stars (excellent), and 1 star (satisfactory). Although this is not an evaluation specializing in environmental performance, it is highly recognized in Japan, and it also has certain evaluation items in terms of environmental performance. Therefore, JCR evaluates this certification as also equivalent to the "green buildings that met the standards or certification criteria recognized by region/country or worldwide" of the green project classification defined in the Green Bond Principles." However, since the certification is not

limited to the environmental performance, it is considered desirable to confirm the evaluation for the environmental performance individually.

DBJ Green Building Certification is based not only on the environmental performance of the property to be evaluated, but also on a comprehensive assessment that includes the comfort of tenant users, risk management such as disaster prevention and crime prevention, consideration for the surrounding environment and community, and cooperation with stakeholders. There are many properties in the real estate market that do not reach the target of evaluation as the scoring is designed based on the aggregation of specific "excellent initiatives" for the environment and society. In order to be highly evaluated, it is necessary to be a building that is appropriately considered not only for the environment, but also for all stakeholders related to buildings.

The certification level of DBJ Green Building Certification is assumed to be the top 20% of all domestic income-producing real estate in "environmental and social considerations." In addition, each evaluation up to 4 stars covers an aggregate of the top 10% (5 stars) and top 30% (4 stars) of the properties that exceed the certification level. Therefore, JCR evaluates that the eligible criteria for Tokyu Fudosan HD are focused on properties with particularly high environmental performance among buildings aiming to acquire certification.

## 2. Renewable energy

Renewable energy power generation facilities subject by Tokyu real estate HD are photovoltaic power generation facilities and wind power generation facilities operated by Tokyu real estate as business. Tokyu real estate has developed a renewable energy business nationwide under the brand name of "ReENE", and as of October 2020 operates 15 cases under development, 38 projects in operation, and 53 projects in total, with a rated capacity of 1,145MW. When making an investment, it is decided that the investment should be based on obtaining the necessary permits and approvals and considering the negative environmental and social impact, and it is considered that the negative impact on the environment, and is unlikely to exceed the environmental improvement effect. Therefore, it is considered that the renewable energy power generation facilities invested by Tokyu Fudosan have the effect of improving the environment.

## 3. Sustainable Management of Natural Resources and Land Use

Tokyu Resort Town Tateshina, one of the multiple resorts operated by Tokyu Resorts & Stay Co., Ltd., a subsidiary of Tokyu Fudosan, took the opportunity of a large-scale sediment disaster in multiple locations due to heavy rainfall in July 2012, and took steps to restore the forest in Tateshina to soundness. Specifically, it considers the cycle of a sustainable regional cycle, such as "protection," "using," and "linking" of forest resources as its core, and named the initiatives as "Morigurashi."

In the "Morigurashi" program, planned tree thinning in accordance with the forest management plan in resort town is carried out, and the obtained thinning wood is used as a fuel for the biomass boiler of the golf field in the town. At golf courses, fossil-fuel boilers using kerosene as fuel, which had been in use for about 40 years, have been replaced with biomass boilers, achieved a reduction in emissions of 110 t-CO<sub>2</sub> per year.

In Morigurashi, the Morigurashi Council is taking the lead in developing regional alliances for thinning, the production of woodchips, and consulting for the introduction of biomass boilers, and is developing initiatives to link the maintenance and management of sustainable forests to the dissemination of renewable energy.<sup>6</sup>

---

<sup>6</sup> This is an activity entity established in cooperation with the people of the property district, which is the owner of the land, against the backdrop of support from Chino City, where Resort Town Tateshina is located.

Based on the above, JCR commends Morigurashi's efforts to contribute to the maintenance and improvement of the multifaceted environmental benefits of forests, such as sustainable forest management, water resource cultivation, and biodiversity conservation.

## Social Benefits of Social Projects

### 4. Basic Infrastructure Development and Access to Essential Services

Tokyu Fudosan HD provides the following as basic infrastructure development and essential services for consideration of victims and local residents in the event of a natural disaster anticipated in Japan.

#### (1) Facilities in the event of a disaster

According to estimates by the Cabinet Office, approximately 3.52 million people in Tokyo, approximately 670 thousand in Kanagawa, approximately 520 thousand in Chiba, approximately 330 thousand in Saitama, approximately 100 thousand in Ibaraki Prefecture centered on the south, approximately 5.15 million people in total in the Tokyo metropolitan area were unable to return home on the day of the Great East Japan Earthquake on March 2011, 2011. Due to the suspension of public transport operations, there were a limited number of spaces for accepting people who found it difficult to return home, so some of the evacuation areas for local residents accepted not only local residents but also many people who found it difficult to return home.<sup>7</sup>

In light of these circumstances, the Tokyo Metropolitan Government has established disaster prevention and mitigation measures based on the Disaster Prevention Guidelines and the Tokyo Metropolitan Government's Ordinance on People who have difficulty returning home.

Tokyu Fudosan, in collaboration with some of local governments and other entities where the real estate to be developed in some properties is located, is implementing measures not only for hardware perspective such as earthquake-resistance measures for buildings owned, but also software perspective such as securing stockpiles for disaster prevention, and is promoting initiatives to provide evacuation sites in the event of disasters.

Among the targets of use of proceeds this time, the Takeshiba Tokyo Port City and the Kudan-Minami 1-chome Project (tentative name) are implementing disaster mitigation measures to provide facilities as evacuation areas for those who have difficulty returning to their homes in the event of a disaster, and to provide disaster prevention stockpiles to those who have difficulty returning to their homes. From this, JCR evaluates that there is a social benefit as a provision of basic infrastructure facilities for victims in the event of a disaster.

#### (2) Childcare Support Facilities

The Japanese government formulated the "Accelerated Elimination Plan for Standing Children" in April 2013 to address the issue of children on waiting lists (a problem where children are unable to enter day care centers despite the fact that applications have been made for entry into day care centers and the conditions for entry have been met). The government has been supporting initiatives undertaken by local governments to improve day care centers with the aim of increasing the number of child care centers accepted by about 500 thousand over the 5-year period from FY2013 to FY2017. Since FY2018, the "Child-rearing Reliability Plan" has been announced as a measure of the "Nippon 100 million Total Active Participation Plan." Based on the results of

<sup>7</sup> Survey results on measures for people who have difficulty returning home <http://www.bousai.go.jp/jishin/syuto/kitaku/2/pdf/4.pdf>

the "Plan to Accelerate Elimination of Standing Children," this plan is to prepare for accepting about 320 thousand children in the 5-year period to the end of FY2022.

Among the targets for the use of proceeds, Takeshiba, Tokyo Port City has a child-rearing support facility in its residential tower. This is an initiative designed to help local people balance work and parenting, and it is thought to contribute to solving the problem of waiting-list children in Japan.

Daycare facilities provided by Tokyu Fudosan are evaluated as providing essential services to local communities.

### **(3) Senior housing business**

Japan is now faced with the problem of a sharp decline in birthrate and an aging population. According to the projected future population (estimated in April 2017) by the National Institute of Social Policies and Population Issues, the population aged 75 years or older in 2025 is approximately 21.8 million, and approximately 1 in 5 people in the country will be aged 75 years or older. The number of people aged 65 or older, which was 26% of the total population as of 2015, is estimated to reach about 30% of the total population, about 36.77 million nationwide, and about 3,32 million in Tokyo as of 2025.

According to a future estimate of the number of households by the National Institute of Population and Social Security Research (estimated in April 2017), the total number of general households with a head of household aged 65 or older will increase by 3.24million from 19.18 million in 2015 to 22.42 million in 2040. Households with a head age of 75 years or older will increase by 3.29 million households from 8.88 million households in 2015 to 12.17 million households in 2040.

As of 2015, 37.9% of households aged 75 or older were single-person households due to unmarried, divorced, separate residence, or death. By 2040, however, almost half of the households will be single-person households, at 42.1%. For the elderly's single-person households, even those who can live independently without the need for nursing care, from the viewpoint of the support system in the event of an emergency and the prevention of isolated death, it is important to develop residential facilities with ancillary services such as a 24-hour management system and collaboration with external nursing care and medical facilities as necessary for the future super-aged society.

There are 2 considerations for housing for seniors, which Tokyu real estate HD is funded for, in addition to individual facilities such as barrier-free facilities, which are indispensable for the elderly, and nursing and nursing care systems (nursing homes) for 24 hours a day, 365 days a year.

The first is that the elderly can continue to live without a major change in the environment by adjoining healthy elderly housing and housing in a direction that requires nursing care. The other is that as a realization of "recycling-oriented urban development," housing for seniors is not only independently developed, but is also installed in conjunction with general condominiums to create an environment that enables elderly people and their families to visit frequently each other, and that it is an inclusive urban development that provides lifestyle support services, childcare services, nursing care services, and other services in daily life areas.

The concept of generational recycling-oriented urban development is considered important for saving the elderly who fall out of the watch network due to the decrease in neighborhood affiliation and the dilution of local communities, and is also consistent with the Ministry of Land, Infrastructure, Transport and Tourism's Compact City initiative.

Based on the above, JCR has evaluated that the senior housing business provided by Tokyu Fudosan has social benefits from the viewpoint of providing essential basic services for the elderly.

## 5. Socioeconomic Improvement and Empowerment

### (1) Support facilities for SMEs including startups

According to the 2019 White Paper on Small and Medium Enterprises, the entry rate in Japan was 5.6% in 2018, still low despite the fact that more than 10% were found in all other developed countries. In comparison with venture investment by VCs, etc. (actual in 2017), Japan is only JPY197.6 billion, compared to JPY9.5336 trillion in the U.S., JPY3.363 trillion in China, and JPY814 billion in Europe. It can be said that the promotion of innovation by excellent startups is an important issue in the future sustainable development of Japan in the medium to long term.

The Innovation (Venture) Ecosystem is the idea of aiming at the rearing of the excellent small and medium enterprises by the following cycle.<sup>8</sup>

- 1) Angel investors and large corporations actively provide startups with funds, human resources, and venues, as well as through information dissemination, to create a performance record of collaboration.
- 2) Rapid growth due to smooth financing and alliances with a dramatic increase in the corporate value of startups thanks to the announcement of cooperative performances.
- 3) Startups that succeeded in achieving IPOs and M&A with large companies when corporate value was maximized reentered as cereal entrepreneurs, or become angel investors to support the development of next-generation startups.
- 4) The creation of new business models accelerates with the creation of outstanding startups based on such successful examples.

Such ecosystem bases have progressed in Silicon Valley, New York, Beijing, Shanghai, etc., and unicorn corporates are being created 1 after another. 80% of Unicorn in the U.S. and 83% of Unicorn in China are created from the urban startup ecosystem, and the implementation of this project is expected to form an ecosystem base that will create more unicorn corporates in Tokyo.<sup>9</sup>

Among the targets of the current use of proceeds, Business-Airport membership-based shared-office business and the startup support and co-creation business all play key roles as basic infrastructures for the acquisition and growth of business opportunities for startups. They also include soft support in the form of information exchange and collaboration between startups and the provision of opportunities for interactions with large enterprises and investors. JCR evaluates these projects as contributing to socioeconomic improvement and empowerment for SMEs and other enterprises.

### (2) Barrier-free pedestrian network

With regard to the importance of providing universal services in public transportation, the significance of facilitation of mobility is stated as follows in the Basic Policy on Facilitation of Movement, etc. (Basic Policy) established under the Law on Facilitation of Movement, etc. of Elderly Persons and Persons with Disabilities.

"(excerpt from the basic policy) In Japan, there is a full-fledged aging society that no country in the world has experienced, and further aging is expected in the future. Therefore, the realization of a healthy and vibrant society is required through the independence of the elderly and social participation. In addition, today, the spread of the normalization philosophy to society, which aims for a society in which persons with disabilities

<sup>8</sup> From the Japan Startup Support Association website.

<sup>9</sup> Unicorn companies are unlisted startups with a valuation of \$1 billion or more and have 4 conditions: "within 2010 years of startup," "valuation of \$1 billion or more," "unlisted," and "technology companies."

live and act on the same basis as persons with no disabilities, progresses, and under the philosophy of independence and coexistence, the realization of a "coexistence society" is required in which everyone respects and supports each other's personality and individuality regardless of whether they have disabilities.

In order to realize such a society, it is important to build a society in which the elderly, the disabled, etc. can operate their independent daily life and social life, and it is necessary to promote the development of the environment for that purpose as soon as possible. Since the use of travel and facilities is an important means for the elderly and the disabled to participate in society, facilitating movement, etc. is of great significance for the realization of such a society.

In addition, the promotion of mobility, etc. not only promotes social participation by the elderly and the disabled, but also contributes to the maintenance of a vibrant society in which the people can live with vitality and safety through the development of facilities and rolling stocks that are easy to use for all users, based on the concept of universal design, which is "easy for anyone, anywhere, freely, and usable."

Among the current uses of proceeds Tokyo Port City Takeshiba and the Kudan-Minami 1-chome Project (tentative name) have barrier-free facilities that take into account the convenience of the elderly, people with disabilities, etc., so JCR evaluated that they provide essential services for the elderly, people with disabilities, etc.

- ii. The uses of proceeds correspond to item (1) is applicable to “green building related business” and “energy conservation business” among the uses of proceeds exemplified under the “Green Bond Principles”, “Green Buildings that met the standards or obtained certification recognized by region/country or worldwide” under “Green Loan Principle”, “Energy Conservation”, “Green Bond Guideline” and “Green Loan and Sustainability linked Loan Guidelines”. Item (2) is applicable to “Renewable energy related business” among the uses of proceeds exemplified under the “Green Bond Principles”, “Renewable Energy” under the Green Loan Principles”, "Green Bond Guidelines" and "Green Loan and Sustainability Linked Loan Guidelines". Item (3) is applicable to “Renewable Energy” and “Environmental Sustainable Management for Biological Natural Resources and Land” among the uses of proceeds exemplified under the “Green Bond Principles”, "Renewable Energy" and " Sustainable Management of Natural Resources and Land” under the “Green Loan Principles”, “Green Bond Guidelines” and “Green Loan and Sustainability Linked Loan Guidelines”. Item (4) is applicable to "basic infrastructure development and essential basic services (evacuation areas, childcare, and senior facilities)" for victims of disasters, local residents, and the elderly," among the uses of proceeds defined under the “Social Bond Principles”, and item (5) is applicable to "socio-economic improvement and empowerment" for startups, the elderly, and the disabled.**

#### **d. Environmental and Social Risks**

When acquiring or selecting a project, Tokyu Fudosan HD conducts a careful examination of the negative impact that the project may have on the environment and society, and confirms that the likelihood is low. Regarding renewable energy, in addition to the above, it is also subject to confirmation that necessary procedures such as permits and environmental assessments are being carried out. From this, JCR confirmed that Tokyu Fudosan HD is giving due consideration to the negative impacts on the environment and society of projects subject to the use of proceeds.

In the senior housing business in particular, Tokyu E-Life Design, the operator, manages stakeholders related to the facility. JCR confirmed that reports and responses in the event of trouble have been prepared and that efforts are being made to ensure that the facilities are operated more stably.

Based on the above, JCR evaluated that environmental and social risks are properly avoided.

## e. Consistency with SDGs

### i. Consistency with ICMA's SDGs mapping

Projects eligible for the use of proceeds were assessed to contribute to the following SDGs goals and targets in light of ICMA's SDGs mapping.



#### Goal 3: Good Health and Well-Being

**Target 3.9** By 2030, substantially reduce the number of deaths and illnesses from hazardous chemicals and air, water and soil pollution and contamination.



#### Goal 5: Gender Equality

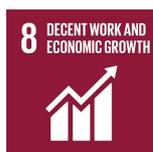
**Target 5.4.** Recognize and value unpaid care and domestic work through the provision of public services, infrastructure and social protection policies and the promotion of shared responsibility within the household and the family as nationally appropriate.



#### Goal 7: Affordable and Clean Energy

**Target 7.2.** By 2030, increase substantially the share of renewable energy in the global energy mix.

**Target 7.3.** By 2030, double the global rate of improvement in energy efficiency.



#### Goal 8: Decent Work and Economic Growth

**Target 8.2.** Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high-value added and labor-intensive sectors.



#### Goal 9: Industry, Innovation and Infrastructure

**Target 9.1.** Develop quality, reliable, sustainable and resilient infrastructure, including regional and transborder infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all.

**Target 9.4.** By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities.



#### Target 11: Sustainable Cities and Communities

**Target 11.3.** By 2030, enhance inclusive and sustainable urbanization and capacity for participatory, integrated and sustainable human settlement planning and management in all countries.



#### Goal 13: Climate Action

**Target 13.1.** Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries.



#### Target 15: Life on Land

**Target 15.4.** By 2030, ensure the conservation of mountain ecosystems, including their biodiversity, in order to enhance their capacity to provide benefits that are essential for sustainable development.

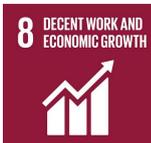
## ii. Consistency with measures to achieve Japan SDGs

JCR confirmed that the projects targeted for the use of proceeds are consistent with the following items in the "Specific Measures for Achieving SDGs" set forth by the Government of Japan as SDGs goals.<sup>10</sup>

### Implementation Guideline 1. Promoting the Active Participation of Everyone

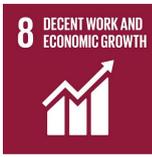
SDGs and Japan's Priority Issues, which seem to be particularly closely related: 11 (Town Development that can be Continued to Live)			
Domestic measures			
Strategy Overview		Target	Indicators
Accessibility of Public Transportation	Based on the universal design concept of "freedom and ease of use for anyone, anywhere," the Government will promote barrier-free operations based on the Law on Promotion of Smooth Transfer of the Elderly, Persons with Disabilities, etc. (Barrier-free Act).		Status of follow-up based on the Basic Policy for Facilitating Movements, etc.

### Implementation Guidelines 2. Promotion of health and longevity

SDGs that seem to be particularly closely related: 3 (insurance and welfare for everyone), etc.			
Domestic measures			
Strategy Overview		Target	Indicators
Realization of a Society with 100 million Total Activities: Social Security Connecting to Security	By advancing reforms to a social security system that ensures the "security" of the working generation with a clear goal of "zero nursing care turnover," which allows people to continue to work while caring for long-term care, we will create a society in which people can use the desired nursing care services, work without anxiety about nursing care, balance nursing care and work, maintain their health for a long period of time, and so on, and live with peace of mind.	  	Indicators of the "Japan 100 million Gross Activity Plan" ① Until the early 2020s Development of nursing care infrastructure Volume expansion: 0.5 million people or more (including about 20000 serviced elderly housing) ② Until the early 2020s Eliminate resignations with a reason of family care due to unavailability of long-term care facilities and services. Eliminate home waiters for special nursing care home for those rated 3 or higher for requiring long-term care

<sup>10</sup> Specific measures of the Sustainable Development Goals (SDGs) Implementation Guidelines established by the Sustainable Development Goals (SDGs) Promotion Headquarters, which is composed of the national ministers.

Implementation Guidelines 3. Creation of growth markets, regional revitalization, and scientific and technological innovation

SDGs and Japanese Priority Issues that appear to be particularly relevant: 8. (Work satisfaction, economic growth), 9. (Create the foundation for industrial and technological innovation), 11. (building communities that can continue to live in)			
Domestic measures			
	Strategy Overview	Target	Indicators
Strong economy that creates hope	<p>1) Support the demonstration of diverse human resources (social loss, employment support, education, etc.)</p> <p>2) Establish an integrated system that strengthens the discovery of venture companies, including local ones, and connects them to the global market.</p> <p>3) The Government will promote the development of social infrastructure, create a country resilient to disasters, transition to a sustainable urban structure, and promote PPP/PFI in the development and management of public facilities.</p>	  	Indicators listed in the Nippon 100 million Active Participation Plan

## Evaluation Phase 2: Management, Operations and Transparency Evaluation

Based on the current situation described below and JCR's evaluation of the subject, JCR evaluated that the management and operational system had been well developed, that transparency was very high, and that it was fully expected that the project would be implemented as planned and that the proceeds would be adequately allocated. In Phase 2, JCR evaluated "m1 (F)" as the highest level in terms of management, operation and transparency.

### 1. Appropriateness and Transparency Concerning Selection Standard and Use of Proceeds

#### (1) JCR's Key Consideration in This Factor

In this section JCR confirms the objectives to be achieved through sustainability finance, the appropriateness of sustainability project selection standards and processes, and whether or not a series of processes are properly disclosed to investors and others.

#### (2) Current Status of Evaluation Targets and JCR's Evaluation

##### a. Goals

<The Framework for Goals>

We have established the following sustainability vision and policies.

##### **Sustainability Vision**

We resolve social issues through our business activities and work with our stakeholders to realize a sustainable society and growth.

##### **Sustainability Policy**

- We will strive to harmonize the environment and the economy through our business activities.
- We will strive to maintain and strengthen relationships with stakeholders in an appropriate manner.
- We will conduct our business in a sound and transparent manner and actively disclose information.

<JCR's Evaluation of the Framework>

The above "Sustainability Vision" and "Sustainability Policy" are properly disclosed on Tokyu Fudosan HD's website. Sustainability finance covers a broad range of environmental and social contributions, and JCR evaluated the issuance of sustainability finance as consistent with and appropriate for such objectives.

##### b. Selection Standards

The standards for selecting the use of proceeds in Tokyu Fudosan HD's sustainability financing is already described in Phase 1 of the evaluation, and JCR evaluates this selection criteria as being expected to have high environmental improvement effects and social benefits.

In formulating the selection criteria, the Sustainability Promotion Department, which is a specialized department related to the sustainability of Tokyu Fudosan HD, is involved, and JCR evaluated that green projects and social projects have been selected with expertise and consistency in environmental and social initiatives.

### c. Process

#### <The Framework for the Selection Process>

We will use funds raised through green finance, social finance or sustainability finance to projects that have established eligible criteria to select projects and meet investment grade criteria.

The project will be finalized after being selected by the person in charge in our finance department and the person in charge in the sustainability promotion department and approved by the director in charge in the finance department and the sustainability promotion department.

#### <JCR's Evaluation of the Framework>

The target of the use of proceeds selected according to the standards in b. above is determined after approval by management. Based on this, JCR evaluated that the selection process is appropriately established.

The goals, selection criteria, and process for the implementation of sustainability refinement of Tokyu Real-life HD will be disclosed to investigators in statutory disclosure documents, such as the Publication Registration Supplement. JCR evaluated that transparency to investors is ensured.

## 2. Appropriateness and Transparency of Fund Management

### (1) JCR's Key Consideration in This Factor

It is usually assumed that the management of the funds varies widely depending on the issuer, but JCR confirms whether the funds procured by the framework are properly allocated to sustainability projects and whether a mechanism and an internal system are in place to ensure that the funds are easily tracked and managed by the issuer.

JCR also emphasizes assessing whether the funds procured under the framework are expected to be used for sustainability projects at an early stage, as well as how to manage and operate the funds that have not yet been allocated to them.

### (2) Current Status of Evaluation Targets and JCR's Evaluation

#### <The Framework for Management of the Proceeds (excerpt)>

Procurement funds for green finance, social finance, or sustainability finance, which are planned to be implemented under this framework, will be allocated to projects listed in the "Eligible Criteria for Investment in Sustainability Finance" for which social projects or green projects (eligible Criteria 1-3) are selected, approximately 24 months after implementation. In addition, the link between the proceeds and assets and the management of the appropriation of the proceeds will be tracked and managed by the Group Finance Department using our internal management system. The results of the follow-up are scheduled to be reviewed on a quarterly basis by the director in charge of finance or the head of the Treasury Department. Until the proceeds are appropriated, they will be managed in cash or cash equivalents.

#### <JCR's Evaluation for the Framework>

Tokyu Fudosan HD plans to manage the funds raised through sustainability finance through an internal control system for finance, and it is assumed that records and forms related to deposits and withdrawals will be properly kept.

Because the scope of the use of proceeds also includes new projects, the proceeds are to be appropriated prior to 24 months from issuance; however, until the proceeds are appropriated, the proceeds are expected to be managed in

cash or cash equivalents. In addition, if the project is no longer subject to funding due to sale, etc., Tokyu Fudosan HD will allocate the funded resources to the alternate projects that satisfy the eligible criteria. Documents related to sustainability finance are to be kept until such sustainability finance is redeemed/repaid, and an appropriate framework is in place.

Based on this, JCR evaluated that the funding management of Tokyu Fudosan HD is highly appropriate and transparent.

### 3. Reporting

#### (1) JCR's Key Consideration in This Factor

In this section, JCR evaluates whether the disclosure system for investors before and after the issuance of sustainability finance, is planned in detail and in an effective manner at the time of execution of the sustainability finance.

#### (2) Current Status of Evaluation Targets and JCR's Evaluation

<The Framework for Reporting (excerpt)>

Regarding the status of fund appropriations, we will disclose the appropriation status on our website once a year until the proceeds are fully appropriated.

The following output indicators, outcome indicators, etc. will be announced annually on our website within the scope of confidentiality obligations as an impact reporting for the subject project until the full amount of the proceeds is allocated to the subject project.

<JCR's Evaluation for the Framework>

##### a. Reporting on the Status of Appropriation of Funds

The use of proceeds under the Framework include new projects. As a result, proceeds from sustainability financing are expected to be appropriated prior to passing 24 months from issuance and are to be disclosed on the website as to the appropriation of funds until they are fully appropriated. Tokyu Fudosan HD will also manage the proceeds from sustainability financings with cash or cash equivalents until the appropriation is completed.

If the project is no longer subject to the use of proceeds due to the sale or other reasons, Tokyu Fudosan HD uses the funds for alternative projects that satisfy the eligibility criteria. In this case, it is also assumed that it will be disclosed on the website of Tokyu Fudosan HD. Based on this, it is judged that reporting on funding is appropriate.

##### b. Reporting on Environmental Improvement Effects and Social Benefits

Tokyu Fudosan HD plans to disclose the following items as reporting on environmental improvement effects and social benefits.

(1) Environmental improvement effects

##### Green Building

- Property or project name for which sustainability financing was appropriated
- Type and level of certification obtained by the appropriated project
- Energy Consumption (GJ)
- CO<sub>2</sub> savings (t-CO<sub>2</sub>)

- Reduced CO<sub>2</sub> per Floor Area (kg-CO<sub>2</sub>/m<sup>2</sup>)
- Water usage quantities (m<sup>3</sup>)

### Clean energy (renewable energy)

- Project name for which sustainability financing was appropriated
- Electricity generated (kWh)
- CO<sub>2</sub> savings (t-CO<sub>2</sub>)

### Forest conservation

- Forest conservation area
- Amount of hot water supplied by biomass boiler

## (2) Social benefits

### a) Output

No.	Target project	Output
1	<b>Tokyo Port City Takeshiba</b>	<ul style="list-style-type: none"> <li>- Overview of initiatives for smart cities and smart buildings</li> <li>- Business support in the digital and content areas, and the status of various events</li> <li>- Overview of Space Accepted for Difficult to Return Homes</li> <li>- Overview of the warehouse for stockpiling of emergency supplies</li> <li>- Overview of Barrier-Free Walker Network</li> <li>- Overview of child-rearing support facilities capable of handling foreigners' infants</li> <li>- Establishment of all-gender toilets</li> <li>- Installation of pray rooms</li> </ul>
2	<b>(tentative name) Kudan-Minami 1-chome Project</b>	<ul style="list-style-type: none"> <li>- Overview of Space Accepted for Difficult to Return Homes</li> <li>- Overview of the warehouse for stockpiling of emergency supplies</li> <li>- Overview of emergency power supply in case of power failure</li> <li>- Establishment of all-gender toilets</li> <li>- Installation of worship rooms</li> <li>- Preservation of historical buildings</li> <li>- Overview of the walker network</li> </ul>
3	<b>Membership Shared Office Business “Business-Airport”</b>	<ul style="list-style-type: none"> <li>- Facility Overview</li> <li>- Overview of ancillary services (welfare services, health programs, startup subsidy services, etc.)</li> <li>- Overview of Exchange Events among Tenants</li> </ul>
4	<b>Startup support and co-creation business</b>	<ul style="list-style-type: none"> <li>- Facility Overview</li> <li>- Overview of Exchange Events among Tenants</li> </ul>
5	<b>Senior housing business</b>	<ul style="list-style-type: none"> <li>- Overview of buildings and facilities</li> <li>- Overview of tenants</li> <li>- Operational Overview</li> </ul>

### b) Outcome indicators

- Number of accreditation incubation facilities in Tokyo\*No.3
- Trends in the number of events held \*No.4

- Trends in the number of rooms provided \*No.5
- Trends in the number of properties provided \*Total of No. 3 to No. 5

#### c) Impact

##### **Creating New Lifestyles through Solving Social Issues**

- Contributing to the creation of vibrant towns by enhancing the value of real estate and building stable social infrastructures
- Promotion lifestyle propose-based urban development, area management, and community formation with housing as the starting point
- Contributing to the local economy through the creation of local employment and tourism demand
- Elimination of densely wooded areas and expansion of urban functions resilient to disasters
- Promotion Health Management and Realizing a Healthy Society
- Realization of digital society through smart cities, smart offices, etc. utilizing IoT
- Conservation of the natural environment and reduction of environmental impact
- Promotion of people-friendly town development through universal design (social inclusion)

JCR evaluated that any of the indicators were appropriate for demonstrating environmental improvement effects and social benefits.

## 4. Organization's Sustainability Initiatives

### **(1) JCR's Key Consideration in This Factor**

In this section, JCR evaluates whether the management of the issuer regards sustainability issues as a high priority issue for management, and whether the sustainability finance policy, process, and selection criteria for the projects are clearly positioned through the establishment of a department specializing in environmental and social issues or collaboration with external organizations.

### **(2) Current Status of Evaluation Targets and JCR's Evaluation**

Tokyu Fudosan HD strives to create and propose lifestyles that go beyond the framework of hako (buildings) and goods, with the aim of "becoming a corporate group that continues to create value." Tokyu Fudosan Holdings' origins, Tokyu Fudosan, and its predecessor, Den-en Toshi (garden city) Co., Ltd., have since their founding in 1918, faced social issues through their business activities and can be said to be evolving in a manner that is in line with the modern era while inheriting the stance of "Challenging DNA," which has been the company's approach to tackling and resolve social issues through its business activities.

Tokyu Fudosan HD has established a sustainability vision: "We will solve social issues through our business activities and work with our stakeholders to realize sustainable society and growth."

Tokyu Fudosan HD has established SDGs to tackle as a social issue to be faced through its business activities, and has identified seven items of materiality. Materiality has been selected based on the management plan and SDGs of Tokyu Fudosan Holdings and issues recognized by the Japanese government and economic organizations, taking into account the views of external experts and considering its importance to society and the Tokyu Fudosan Holdings Group. In addition to the properties provided by Tokyu Fudosan HD, a wide range of issues have been identified not

only for the properties provided by Tokyu Fudosan HD, but also for the software and services provided by the property, as well as for users and local communities.

Tokyu Fudosan HD aims to resolve materiality by providing facilities and services as outputs by leveraging the Group's broad business portfolio, its diverse assets and diverse customer base, and its human resources with expertise. The outcomes realized by the services provided by Tokyu Fudosan HD, etc. are defined as social value, and are considered to contribute to the resolution of one of the seven materiality factors. Tokyu Fudosan HD aims to achieve sustainable growth for society as a whole, including not only corporates but also stakeholders, through social value through the provision of diverse values.

In its sustainability initiatives, Tokyu Fudosan HD utilizes experts from inside and outside the company. External experts are invited to formulate materiality, and third-party opinions are incorporated to ensure fairness. Projects eligible for use of proceeds are selected based on confirmation of environmental improvement effects and social benefits, center by the Sustainability Promotion Department, which is a department with expert knowledge. Decisions on policies and information sharing for the entire Group are made by the Sustainability Committee, which is composed of the presidents of major Group companies and key management teams of Tokyu Fudosan HD.

Based on the above, JCR evaluated that Tokyu Fudosan HD regards sustainability as a management priority and is vigorously working to resolve issues through the business activities of itself and Group companies.

## ■ Evaluation Result

Based on the JCR Sustainability Finance Evaluation Methodology, JCR assigned "gs1(F)" for the "Greenness and Social Beneficial Impacts Evaluation (Uses of proceeds)" and "m1(F)" for the "Management, Operation, and Transparency Evaluation." As a result, JCR assigned "SU 1(F)" for the "JCR Sustainability Finance Framework Evaluation" to the Framework. The Framework meets the standards for the items required by the Green Bond Principles, the Social Bond Principles, Sustainability Bond Guidelines, the Green Bond Guidelines and the Green Loan and Sustainability Linked Loan Guidelines by the Ministry of the Environment.

[JCR Sustainability finance Evaluation Matrix]

		Management, Operation and Transparency				
		m1(F)	m2(F)	m3(F)	m4(F)	m5(F)
Greenness and Social Beneficial Impacts Evaluation	gs1(F)	SU 1(F)	SU 2(F)	SU 3(F)	SU 4(F)	SU 5(F)
	gs2(F)	SU 2(F)	SU 2(F)	SU 3(F)	SU 4(F)	SU 5(F)
	gs3(F)	SU 3(F)	SU 3(F)	SU 4(F)	SU 5(F)	Not qualified
	gs4(F)	SU 4(F)	SU 4(F)	SU 5(F)	Not qualified	Not qualified
	gs5(F)	SU 5(F)	SU 5(F)	Not qualified	Not qualified	Not qualified

## ■ Scope of Subject

Issuer: Tokyu Fudosan Holdings Corporation (Security Code: 3289)

### Assignment

Subject	Evaluation
Sustainability Finance Framework	JCR Sustainability Finance Framework Evaluation: SU1(F) Greenness and Social Beneficial Impacts Evaluation : gs1(F) Management, Operation and Transparency Evaluation : m1(F)

(Responsible analysts for this evaluation) Rieko Kikuchi and Hiroya Kakiuchi

---

## Important explanation regarding the evaluation of the Sustainability Finance Framework

---

### 1. Assumptions, Significance, and Limitations of JCR Green Finance Framework Evaluation

JCR Sustainability Finance Framework Evaluation, which is granted and provided by Japan Credit Rating Agency, Ltd. (JCR), covers the policies set out in the sustainability finance framework, and expresses the overall opinion of JCR at this time regarding the appropriateness of the sustainability project as defined by JCR and the degree of management, operation and transparency initiatives related to the use of proceeds and other matters. Accordingly, it does not undertake specific environmental improvement effects, management and operation systems, and transparency assessments of the use of proceeds for individual bonds and loans implemented in accordance with this policy. In the event that Sustainability Finance Evaluation is granted for individual bonds or individual loans based on the framework, such evaluations need to be conducted separately. Furthermore, the JCR Sustainability Finance Framework Evaluation does not demonstrate the improvement effect on the environment and social impacts of individual bonds or borrows implemented under this framework and does not assume any responsibility for the environmental and social improvement effect. In principle, JCR does not directly measure the environmental and social improvement effects of process procured under the sustainability finance framework, although JCR confirms the quantitative and qualitative measures by the issuer or a third party requested by the issuer.

### 2. Methods used in the conduct of this evaluation

The methods used in this evaluation are listed on JCR website (Sustainable Finance and ESG in <https://www.jcr.co.jp/en/>) as JCR Sustainability Finance Evaluation Methodology.

### 3. Relationship with Acts Related to Credit Rating Business

JCR Sustainability Finance Framework Evaluation is determined and provided by JCR as a related business, which is different from the activities related to the credit rating business.

### 4. Relationship with Credit Ratings

The evaluation differs from the Credit Rating and does not promise to provide or make available for inspection a predetermined Credit Rating.

### 5. Independence in JCR Sustainability Finance Framework Assessment

There is no conflict of interest related to capital or human resources relationships between the subject of this evaluation and JCR.

---

#### ■Disclaimers

The information contained in this document has been obtained by JCR from the Issuer and from accurate and reliable sources. Provided, however, that such information may be erroneous due to human, mechanical or other reasons. Accordingly, JCR makes no representation or warranty, express or implied, as to the accuracy, results, accuracy, timeliness, completeness, marketability, or fitness for a particular purpose of such information, and JCR assumes no responsibility for any error, omission, or result of using such information. In no event shall JCR be liable for any special, indirect, incidental or consequential damages of any kind, including opportunity loss, monetary loss, which may arise from any use of such information, whether contractual, tort, negligence or other cause of liability, and whether or not such damages are foreseeable or unforeseeable. The JCR Sustainability Finance Assessment does not express any opinion on various risks (credit risk, price fluctuation risk, market liquidity risk, price fluctuation risk, etc.) related to Sustainability finance, which is subject to the assessment. Furthermore, the JCR Sustainability Finance Evaluation represents JCR's comprehensive opinion as of the date of this report and is not a representation of the facts. It does not constitute a recommendation in any way as to the decision of risk or the purchase, sale or holding of individual bonds, commercial paper, etc. The JCR Sustainability Finance Assessment may be changed, interrupted, or withdrawn due to changes in information, a lack of information, or other reasons. All rights to this document, including data from JCR Sustainability Finance Assessment, are reserved by JCR. Any reproduction, translation, modification, etc. without the permission of JCR is prohibited, regardless of the part or all of this document, including data from JCR Sustainability Finance Evaluation.

#### ■Glossary

JCR Sustainability Finance Framework Evaluation is an assessment of the extent to which funds procured through Green Finance are appropriated for Green Projects as defined by JCR and the extent to which such funds are used for management, operation, and transparency of the Green Finance. Evaluations are performed on a five-point scale, from the top to the bottom using the symbols of SU1 (F), SU2 (F), SU3 (F), SU4 (F), and SU5 (F).

#### ■Status of registration as an external assessor of green finance

- Ministry of the Environment's external green bond reviewer registration
- ICMA (registered as an observer with the International Capital Markets Association)
- Climate Bonds Initiative Approved Verifier (Climate Change Initiative Accreditation Verification Organization)

#### ■Status of registration as a credit rating agency, etc.

- Credit Rating Agency: the Commissioner of the Financial Services Agency (Rating) No.1
- EU Certified Credit Rating Agency
- NRSRO: JCR has registered with the following four of the five credit rating classes of the Securities and Exchange Commission's NRSRO (Nationally Recognized Statistical Rating Organization). (1) Financial institutions, broker dealers, (2) insurance companies, (3) general business corporations, and (4) government and local governments. If the disclosure is subject to Section 17 g-7(a) of the Securities and Exchange Commission Rule, such disclosure is attached to the news releases posted on the JCR website (<https://www.jcr.co.jp/en/>).

#### ■For further information, contact

Information Service Dept. TEL: 03-3544-7013 FAX: 03-3544-7026

#### Japan Credit Rating Agency, Ltd.

Jiji Press Building, 5-15-8 Ginza, Chuo-ku, Tokyo 104-0061, Japan  
Tel. +81 3 3544 7013, Fax. +81 3 3544 7026

Copyright © Japan Credit Rating Agency, Ltd. All rights reserved.