

Sustainability Bond / Sustainability Bond Programme

External Review Form

Section 1. Basic Information

Issuer name: Tokyu Fudosan Holdings Corporation

Sustainability Bond ISIN or Issuer Sustainability Bond Framework Name, if applicable: 2nd Series Deferrable Interest and Callable Unsecured Subordinated Bonds (Sustainability Bonds)

Independent External Review provider's name: Japan Credit Rating Agency Co., Ltd.

Completion date of this form: November 9, 2020

Publication date of review publication: November 9, 2020

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 and the SBPs:

- | | |
|--|--|
| <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 (<i>please specify</i>): | |

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

EXECUTIVE SUMMARY OF REVIEW and/or LINK TO FULL REVIEW *(if applicable)*

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 Fudosan 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 subject of this evaluation is unsecured bonds (with a subordination rider) (the "Bonds") that Tokyu Fudosan HD is scheduled to issue in December 2020. All of the proceeds of the Bonds will be used to fund construction and capital expenditures on properties that meet Tokyu Fudosan HD's eligible criteria in the Sustainability Finance Framework and to refinance such funds.

The funds raised by the Bonds will be used for 5 projects: 1) Takeshiba, Tokyo Port, 2) (tentative name) Kudan-Minami 1-chome Project, 3) Membership-based shared-office business "Business-Airport," 4) Start-up support and co-creation business, and 5) Senior Housing Business. Through a series of businesses, the following contributions can be considered; 1) and 2) are for green buildings and access to essential services targeting local residents; 3) and 4) are for socio-economic improvement and empowerment for start-ups; and 5) is for access to essential services for the elderly, and thereby, environmental improvement effects and social benefits are clearly expected. Based on the above, JCR has evaluated that the use of proceeds subject to this evaluation is a project with environmental improvement effects and 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 the Bonds 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" for the "Greenness and Social Beneficial Impacts Evaluation (Use of proceeds)" and "m1" for the "Management, Operation and Transparency Evaluation." Consequently, JCR assigned "SU 1" for the "JCR Sustainability Bond Evaluation." The Bonds are 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.

<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):

- The proceeds of the Bonds will be used in full for new funding and refinancing of the following five projects of 1) Tokyo Port City Takeshiba, 2) (tentative name) the Kudan-Minami 1-chome Project, 3) membership-based shared-office business, "Business-Airport", 4) start-up support and co-creation business, and 5) the senior housing business.
- The issuer identifies environmental and social risks appropriately and takes necessary measures to avoid or mitigate them.

Use of proceeds categories as per GBP:

- | | |
|--|--|
| <input 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 processes | <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:

Use of proceeds categories as per SBP:

- | | |
|---|--|
| <input checked="" type="checkbox"/> Affordable basic infrastructure | <input checked="" type="checkbox"/> Access to essential services |
| <input type="checkbox"/> Affordable housing | <input type="checkbox"/> Employment generation / programs designed to prevent and/or alleviate unemployment stemming from socioeconomic crises |
| <input type="checkbox"/> Food security and sustainable food systems | <input checked="" type="checkbox"/> Socioeconomic advancement and empowerment |

- Unknown at issuance but currently expected to conform with SBP categories, or other eligible areas not yet stated in SBPs
- Other (*please specify*):

If applicable please specify the social taxonomy, if other than SBPs:

Target populations:

- Living below the poverty line
- People with disabilities
- Undereducated
- Unemployed
- Aging populations and vulnerable youth
- Other (*please specify*):
Start-ups, local residents
- Excluded and/or marginalised populations and /or communities
- Migrants and /or displaced persons
- Underserved, owing to a lack of quality access to essential goods and services
- Women and/or sexual and gender minorities
- Other vulnerable groups, including as a result of natural disasters

2. PROCESS FOR PROJECT EVALUATION AND SELECTION

Overall comment on section (*if applicable*):
 At the issuer, the roles of each organization are clearly divided, and the department and management team with specialized knowledge in the decision-making process are involved.
 From this, the JCR evaluates issuer’s selection criteria and selection process as appropriate.

Evaluation and selection

- Credentials on the issuer’s social and green objectives
- Defined and transparent criteria for projects eligible for Sustainability Bond proceeds
- Summary criteria for project evaluation and selection publicly available
- Documented process to determine that projects fit within defined categories
- Documented process to identify and manage potential ESG risks associated with the project
- Other (*please specify*):

Information on Responsibilities and Accountability

- Evaluation / Selection criteria subject to external advice or verification
- Other (*please specify*):
- In-house assessment

3. MANAGEMENT OF PROCEEDS

Overall comment on section *(if applicable):*

Fund management is evaluated as appropriate, given that the funds procured are reliably appropriated to the target project, the funds procured are managed in an appropriate manner within the issuer, the internal control system is established, and there are no particular concerns regarding the operation of unallocated funds.

Tracking of proceeds:

- Sustainability Bond proceeds segregated or tracked by the issuer in an appropriate manner
- Disclosure of intended types of temporary investment instruments for unallocated proceeds
- Other *(please specify):*

Additional disclosure:

- Allocations to future investments only
- Allocations to both existing and future investments
- Allocation to individual disbursements
- Allocation to a portfolio of disbursements
- Disclosure of portfolio balance of unallocated proceeds
- Other *(please specify):*

4. REPORTING

Overall comment on section *(if applicable):*

a. Reporting on the Status of Appropriation of Funds

The issuer will disclose the status of fund allocation. If the project is no longer subject to the use of proceeds due to the sale or other reasons, the issuer 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 issuer's website.

b. Reporting on Environmental Improvement Effects and Social Benefits

The issuer plans to disclose the predetermined items as reporting on environmental improvement effects and social benefits.

Use of proceeds reporting:

- Project-by-project
- On a project portfolio basis
- Linkage to individual bond(s)
- Other *(please specify):*

Information reported:

- Allocated amounts
- Sustainability Bond financed share of total investment
- Other *(please specify):*

Frequency:

- Annual
- Semi-annual
- Other *(please specify):*

Impact reporting:

- | | |
|--|--|
| <input checked="" type="checkbox"/> Project-by-project | <input type="checkbox"/> On a project portfolio basis |
| <input type="checkbox"/> Linkage to individual bond(s) | <input type="checkbox"/> Other <i>(please specify)</i> : |

Frequency:

- | | |
|--|--------------------------------------|
| <input checked="" type="checkbox"/> Annual | <input type="checkbox"/> Semi-annual |
| <input type="checkbox"/> Other <i>(please specify)</i> : | |

Information reported (expected or ex-post):

- | | |
|---|--|
| <input checked="" type="checkbox"/> GHG Emissions / Savings | <input checked="" type="checkbox"/> Energy Savings |
| <input checked="" type="checkbox"/> Decrease in water use | <input checked="" type="checkbox"/> Number of beneficiaries |
| <input type="checkbox"/> Target populations | <input checked="" type="checkbox"/> Other ESG indicators <i>(please specify)</i> :
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 <i>(if yes, please specify which parts of the reporting are subject to external review)</i> : | |

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.)*

Tokyu Fudosan Holdings Corporation's website about sustainability:
<https://tokyu-fudosan-hd-csr.disclosure.site/en>

JCR's website about green finance 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 9, 2020

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

1. Second Party Opinion: An institution with sustainability expertise that is independent from the issuer may provide a Second Party Opinion. The institution should be independent from the issuer's adviser for its Sustainability 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 Principles. In particular, it can include an assessment of the issuer's overarching objectives, strategy, policy, and/or processes relating to sustainability and an evaluation of the environmental and social features of the type of Projects intended for the Use of Proceeds.

2. Verification: An issuer can obtain independent verification against a designated set of criteria, typically pertaining to business processes and/or sustainability criteria. Verification may focus on alignment with internal or external standards or claims made by the issuer. Also, evaluation of the environmentally or socially 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 Sustainability Bond proceeds, statement of environmental or social impact or alignment of reporting with the Principles may also be termed verification.

3. Certification: An issuer can have its Sustainability Bond or associated Sustainability Bond framework or Use of Proceeds certified against a recognised external sustainability 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, Social and Sustainability Bond Scoring/Rating: An issuer can have its Sustainability Bond, associated Sustainability 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 and/or social performance data, process relative to the Principles, or another benchmark, such as a 2-degree climate change scenario. Such scoring/rating is distinct from credit ratings, which may nonetheless reflect material sustainability risks.