

# Green Finance

## Policy, Concept, and System

Signatories to the Paris Agreement agree to keep the global average temperature rise below 2°C compared to the pre-industrial era, requiring efforts to achieve a low-carbon society. The real estate industry as a whole and Tokyo Tatemono specifically must strive to reduce greenhouse gases (GHG) in real estate holdings and business activities.

The term green finance refers to bonds (Green Bonds) and loans (Green Loans) used to procure funds for special use in environmental measures such as global warming countermeasures and renewable energy. As a general rule, funding is secured in accordance with the Green Bond Principles and Green Loan Principles established by the International Capital Market Association, as well as the Green Bond Guidelines established by the Japanese Ministry of the Environment.

The Tokyo Tatemono Group Environmental Policy calls for us to lead the community in the prevention of global warming. The group strives to develop real estate that is both superior in environmental performance (e.g. using energy-saving equipment) and resistant to natural disasters, such as those caused by wind and flood damage. This falls under the scope of green finance.

We raise funding through green finance with the aim to further strengthen our sustainability efforts.

→ See Policies and Systems for Environmental Initiatives, P.16

## Green Finance Framework

Tokyo Tatemono has established the Green Finance Framework, which complies with the four requirements defined in the Green Bond Principles and Green Loan Principles (use of procured funds, project evaluation and selection process, management of procured funds, and reporting).

### 【Use of Procured Funds】

Funds will be allocated to acquisition/construction of green buildings that meet eligibility criteria, or for refinancing these funds.

Eligible properties are those that have already acquired or are scheduled to be certified/recertified as one of the top two ranks in any of the third-party certification bodies, listed in (1) to (3) below.

- ① 4 or 5 stars in the DBJ Green Building Certification
- ② A or S rank in the CASBEE building assessment (new buildings)
- ③ 4 or 5 stars in the BELS Evaluation Certification

### 【Project Evaluation and Selection Process】

The Finance and Corporate Communications Departments select projects that meet the eligibility criteria. The final decision is made by the president and CEO or an officer in charge of the Finance Department.

### 【Management of Procured Funds】

The Finance Department uses internal management systems to track and manage the state of procured fund allocation. The Finance Department's general manager or an officer in charge monitors and manages results. Until the funding is allocated, funds are managed as cash and cash equivalents.

### 【Reporting】

- Reporting related to funds allocation

We report the allocation status of procured funds on our website once a year until all funds classified for allocation reporting are fully allocated

- Reporting on environmental improvement impact

The following items are disclosed on our corporate website once a year.

During construction period: Progress of certification acquisition procedures

After completion: List of effective environmental certifications, energy usage\*, CO<sub>2</sub> emission levels\*, water usage\*

\* Actual levels for all Tokyo Tatemono facilities whose data is covered by the Act on the Rational Use of Energy, including green buildings that meet the eligibility criteria

## Indicators and Results

In March 2019, Tokyo Tatemono issued 50 billion yen in publicly offered hybrid corporate bonds (Green Bonds) based on the Green Finance Framework.

These were the first green bonds to be publicly offered in Japan as corporate debt and the largest tranche of green bonds issued in Japan.

All funds procured will be used for refinancing acquisition and construction capital related to Hareza Ikebukuro and Nakano Central Park South, two green buildings that meet the eligibility criteria of the Green Finance Framework.

### TOPICS Awarded the ESG Finance Award Japan (Silver)

The green hybrid bonds issued by Tokyo Tatemono were awarded the Minister of the Environment Award (Silver Award) in the bonds category of the Ministry of the Environment ESG Finance Award Japan.

This award was created to evaluate and commend investors and financial institutions who make outstanding contributions to the environment and society by engaging in ESG finance, green projects, or similar initiatives. Recognition includes corporate initiatives that have a positive impact on corporate value and the environment by incorporating key environment-related opportunities and risks into management strategy for the purpose of increasing corporate value.

#### [Reasons for Presenting Tokyo Tatemono With the ESG Finance Award Japan]

- Issued Japan's first hybrid bond for the highest level of green buildings in Japan
- Ensured high transparency by implementing measures in line with CBI (Climate Bonds Initiative) standards
- Acquired target assets of superior rankings in green building certifications
- Large-scale financing on the order of 50 billion yen



Award Ceremony for the ESG Finance Award Japan  
Hitoshi Nomura, Representative Director, President and CEO (L)  
Shinjiro Koizumi, Minister of the Environment (R)

### ► Green Finance Overview

Name	2nd Series Deferred Interest and Callable Unsecured Subordinated Bonds (Green Bonds)
Pricing Date	March 8, 2019
Issue Date	March 15, 2019
Deadline for Redemption	March 15, 2059
Total Issuance Value	50 billion yen
Use of Procured Funds	Funding for acquisition/construction of Hareza Ikebukuro and refinancing thereof Refinancing of Nakano Central Park South acquisition and construction funds
Eligibility Evaluation	Green 1 (JCR)*

\* These bonds have been certified for eligibility as green bonds by the third-party Japan Credit Rating Agency's JCR Green Bond Evaluation program. These bonds received the Green 1 evaluation, the highest rank attainable in this program.

### ► Green Finance Reporting

Funding Allocation Status	Hareza Ikebukuro: 13,041 million yen Nakano Central Park South: Fully allocated (as of December 2019)
Environmental Improvement Impact	Certifications in progress: None Certifications acquired: ● Hareza Tower (Hareza Ikebukuro) DBJ Green Building Certification: 5 stars CASBEE - Buildings (New Construction): Class S BELS Certification: 5 stars (ZEB Ready) ● Nakano Central Park South: DBJ Green Building Certification: 5 stars Energy consumption/CO <sub>2</sub> emissions: → Responding to Climate Change, P.28 Water usage: → Reducing Our Environmental Burden (Water Resources), P.25