# Sustainability Finance

## Policy and Concept

Sustainability finance refers to bonds and loans to raise funds specifically for addressing environmental issues such as climate change, as well as social issues including poverty, health, and economic disparity with the aim of transitioning to a more sustainable society.

The Tokyo Tatemono Group promotes urban development that contributes to solving social issues. We strive to improve the attractiveness of the areas in which we develop and to increase the value of our entire asset portfolio. We aim to channel these efforts toward our sustainable growth as a company.

We will establish the cycle of allocating the funds we raise to projects that help solve social issues or have environmental improvement effects. By leveraging our businesses to address social issues and achieve higher levels of growth as a company, we will contribute to the advancement of a decarbonized society and the realization of a sustainable society.

## Sustainability Finance Framework

Tokyo Tatemono has put in place several finance frameworks to guide its financing. These frameworks apply the four elements defined in the Green Bond Principles, Social Bond Principles, Green Loan Principles, and Social Loan Principles referred to by the International Capital Markets Association: Use of Proceeds, Process for Project Evaluation and Selection, Management of Proceeds, and Reporting.

### Use of Proceeds

Proceeds will be allocated to the acquisition and construction of green projects with environmental benefits and social projects that contribute to solving social issues, both of which meet the eligibility criteria, or will be used for refinancing such projects.

### Process for Project Evaluation and Selection

The Finance and Sustainability Management Departments select projects that meet the eligibility criteria. The final decision is made by the President or the officer in charge of the Finance Department.

### Management of Proceeds

The status of the allocation of proceeds is tracked and managed by the Finance Department using an internal control system. The results are confirmed by the officer in charge of the Finance Department or the general manager of the Finance Department on an approximately quarterly basis. The proceeds are managed as cash or cash equivalents until they are allocated. If any funds remain unallocated, additional projects will be selected from among projects that meet the eligibility criteria. The unallocated proceeds will be managed in cash or cash equivalents until their reallocation is decided.

### Reporting

We disclose the allocation status of proceeds-until all raised funds have been fully allocated- as well as the environmental improvement impacts, and social benefits, on our website once a year.

## Track Record in Sustainability Finance

### Japan's First Green Bond Issuance and the World's First in the Real Estate Sector

In March 2019, we issued Japan's first (and the world's first for the real estate sector) green hybrid bond with an issue size of 50.0 billion yen. As the largest green bond issue in Japan and with a record number of investment commitments, it also won the Silver Prize (Minister of the Environment's Prize) in the bond category of the first ESG Finance Awards Japan* for its environmental improvement effects and high level of transparency in the use of funds.

* The ESG Finance Awards Japan is an initiative established by the Ministry of the Environment of Japan to evaluate, recognize, and publicize the efforts of investors, financial institutions, and other organizations that have achieved outstanding environmental or social impact through their active involvement in ESG finance and green projects. The awards also recognize companies that have incorporated important environment-related opportunities and risks into their management strategies to enhance their corporate value and create impact on the environment.

### First Issuance of Sustainability Bonds in the Real Estate Sector in Japan

In July 2020, in a first for the real estate sector in Japan, Tokyo Tatemono issued sustainability bonds worth a total of 40 billion yen, becoming the largest-ever issue amount and gaining the largest number of investors by a company not operating in finance for this bond type in the country.

The issued sustainability bonds involved a package of funds to cover the overall urban development of the YNK (Yaesu-Nihonbashi-Kyobashi) area of central Tokyo. The proceeds were allocated to developing this area as a place for comprehensive solutions to social issues, from combating climate change, strengthening disaster prevention and mitigation, and medical cooperation, to addressing food issues and building an innovation ecosystem. As an initiative that was groundbreaking even by global standards, Tokyo Tatemono received the Gold Award in the issuers category of the 2nd ESG Finance Awards Japan.

2021 ESG FINANCE AWARDS JAPAN GOLD

Group Philosophy, Corporate Data, Financial Highlights, Editorial Policy

Message from the President and CEO

Promotion of Sustainability Initiatives

Policy for Promoting Sustainability Initiatives
Framework for Promoting Sustainability Initiatives
Material Issue KPIs and Targets
Stakeholder Engagement
Participation in Initiatives
External Evaluation for Sustainability

Environment

Disclosure Based on TCFD Recommendations
Disclosure Based on TNFD Recommendations
Environmental Management
Promoting a Decarbonized Society
Responding to Natural Disasters
Biodiversity
Water Resources
Promoting a Recycling-oriented Society
External Evaluation and Certification Related to Environmental Friendliness
Sustainability Finance

Social

Respect for Human Rights
Supply Chain Management
Improving Quality and Customer Satisfaction
Revitalizing and Utilizing Real Estate Stock
Contributing to Local Society and Communities
Human Resource Development
Health Management / Occupational Health and Safety
Diversity & Inclusion

Governance

Corporate Governance
Risk Management
Compliance

Data

Third-party Assurance

# Sustainability Finance

### Overview of Green Bonds and Sustainability Bonds

| Name | 2nd Series Subordinated Bonds (Green Bonds) | 32nd Issuance of Unsecured Corporate Bonds (Sustainability Bonds) | 3rd Series Subordinated Bonds (Sustainability Bonds) | 34th Unsecured Corporate Bonds (Sustainability Bonds) | 4th Series Subordinated Bonds (Sustainability Bonds) | 33rd Unsecured Corporate Bonds (Sustainability Bonds, for individual investors) | 35th Issuance of Unsecured Corporate Bonds (Sustainability Bonds, for individual investors) | 36th Issuance of Unsecured Corporate Bonds (Sustainability Bonds, for individual investors) |
|---|---|---|---|---|---|---|---|---|
| Issue date | March 15, 2019 | July 16, 2020 | February 10, 2021 | July 06, 2023 | June 05, 2025 | July 30, 2021 | May 02, 2024 | July 11, 2025 |
| Redemption date | March 15, 2059 | July 16, 2030 | February 10, 2061 | July 06, 2033 | June 05, 2062 | July 28, 2028 | May 02, 2031 | July 09, 2032 |
| Issue amount | 50.0 billion yen | 20.0 billion yen | 40.0 billion yen | 20.0 billion yen | 50.0 billion yen | 10.0 billion yen | 10.0 billion yen | 10.0 billion yen |
| Framework eligibility criteria | Green Projects<br>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 ❶ to ❸ below.<br>❶ 4 or 5 stars in the DBJ Green Building Certification<br>❷ A or S rank in the CASBEE Certification for Buildings (new construction)<br>❸ 4 or 5 stars in the BELS certification | Green Projects<br>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 ❶ to ❸ below.<br>❶ 4 or 5 stars in the DBJ Green Building Certification<br>❷ A or S rank in the CASBEE Certification for Buildings (new construction)<br>❸ 4 or 5 stars in the BELS certification<br><br>Social Projects<br>Projects that contribute to any of the following ❶ to ❸<br>❶ Basic infrastructure development and access to essential services<br>❷ Socioeconomic improvement and empowerment<br>❸ Food safety | | | | Green Projects<br>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 ❶ to ❹ below.<br>❶ 4 or 5 stars in the DBJ Green Building Certification<br>❷ A or S rank in the CASBEE Certification for Buildings (new construction)<br>❸ 4 or 5 stars in the BELS certification<br>❹ ZEB certification: "ZEB", Nearly ZEB, ZEB Ready, or ZEB Oriented<br><br>Social Projects<br>Projects that contribute to any of the following ❶ to ❷<br>❶ Basic infrastructure development and access to essential services<br>❷ Socioeconomic improvement and empowerment | | |
| Use of Proceeds | • Funding for acquisition, construction, and refinancing of Hareza Tower<br>• Refinancing of the acquisition and construction of Nakano Central Park South | Urban development of the Yaesu-Nihonbashi-Kyobashi (YNK) area next to Tokyo Station, as a contribution to solving social issues<br>❶ TOFROM YAESU (Tokyo Station Ekimae Yaesu 1-Chome East District Urban Redevelopment Project (Districts A and B))<br>❷ Yaesu 1-chome North District Urban Redevelopment Project (Gofukubashi Project)<br>❸ Tokyo Square Garden<br>❹ Tokyo Tatemono Nihonbashi Building<br>❺ City Lab TOKYO<br>❻ TOKYO FOOD LAB<br>❼ xBridge-Kyobashi/xBridge-Yaesu/xBridge-Global<br>❽ KITCHEN STUDIO SUIBA<br>❾ TOKYO IDEA EXCHANGE | Urban development of the Yaesu-Nihonbashi-Kyobashi (YNK) area next to Tokyo Station, as a contribution to solving social issues<br>❶ Tokyo Square Garden<br>❷ Tokyo Tatemono Nihonbashi Building | | Urban development of the Yaesu-Nihonbashi-Kyobashi (YNK) area next to Tokyo Station, as a contribution to solving social issues<br>❶ TOFROM YAESU (Tokyo Station Ekimae Yaesu 1-Chome East District Type 1 Urban Redevelopment Project (Districts A and B))<br>❷ Tokyo Square Garden | Urban development that creates value of place and value of experience by meeting the diverse needs of customers and society<br>❶ Hareza Tower<br>❷ Nakano Central Park South<br>❸ Brillia ist Tower Kachidoki<br>❹ Nonoaoyama Building (residences for the elderly, daycare facilities) | Urban development that creates value of place and value of experience by meeting the diverse needs of customers and society<br>❶ Nakano Central Park South<br>❷ Brillia ist Tower Kachidoki | Urban development that creates value of place and value of experience by meeting the diverse needs of customers and society, etc.<br>❶ Nakano Central Park South<br>❷ Brillia ist Tower Kachidoki |
| External Evaluation | Green1 (JCR) | SU1 (F) (JCR) | | | | | | |
| Reporting | Sustainability Finance Reporting | | | | | | | |

# Sustainability Finance

## Green Loan Financing

We are steadily raising funds through green loans in accordance with a new financing framework established in June 2022.

### Green Loan Overview

| Name | 1st Green Loan | 2nd Green Loan | 3rd Green Loan | 4th Green Loan | 5th Green Loan | 6th Green Loan | 7th Green Loan | 8th Green Loan | 9th Green Loan | 10th Green Loan |
|---|---|---|---|---|---|---|---|---|---|---|
| Borrowing date | June 28, 2022 | December 23, 2022 | December 23, 2022 | September 29, 2023 | December 22, 2023 | March 29, 2024 | July 31, 2024 | November 19, 2024 | May 01, 2025 | June 26, 2025 |
| Repayment date | June 28, 2032 | December 28, 2029 | December 23, 2032 | September 29, 2028 | December 27, 2030 | March 31, 2034 | July 31, 2034 | November 28, 2031 | May 01, 2032 | June 26, 2035 |
| Loan amount | 10.0 billion yen | 1.0 billion yen | 10.0 billion yen | 1.0 billion yen | 1.0 billion yen | 7.0 billion yen | 5.0 billion yen | 1.0 billion yen | 2.0 billion yen | 10.0 billion yen |
| Framework eligibility criteria | Green Project<br>Eligible properties are those that have already acquired or are scheduled to be certified/recertified in any of the third-party certification bodies listed in ❶ to ❺ below.<br>❶ 3, 4, or 5 stars in the DBJ Green Building Certification<br>❷ A or S rank in the CASBEE Certification for Buildings (new construction)<br>❸ 4 or 5 stars in the BELS certification<br>❹ ZEB certification: "ZEB", Nearly ZEB, ZEB Ready, or ZEB Oriented<br>❺ ZEH certification: "ZEH-M", Nearly ZEH-M, ZEH-M Ready, or ZEH-M Oriented | | | | | | | | | |
| Use of Proceeds | ❶ Refinancing the acquisition and construction of Tokyo Tatemono Sendai Bldg.<br>❷ Refinancing the acquisition and construction of T-LOGI Narashino | Refinancing the acquisition and construction of Tokyo Tatemono Sendai Bldg. | Refinancing the acquisition and construction of Tokyo Tatemono Sendai Bldg. | Refinancing the acquisition and construction of Tokyo Tatemono Sendai Bldg. | Refinancing the acquisition and construction of SMARK ISESAKI | Refinancing the acquisition and construction of SMARK ISESAKI | Refinancing the acquisition and construction of SMARK ISESAKI | Refinancing the acquisition and construction of SMARK ISESAKI | Refinancing the acquisition and construction of SMARK ISESAKI | Refinancing the acquisition and construction of T-LOGI Sagamihara |
| External Evaluation | Green1 (F) (JCR) | | | | | | | | | |
| Reporting | Reporting on Green Loans | | | | | | | | | |