

Green Bond / Green Bond Programme

Independent External Review Form

Section 1. Basic Information

Issuer name:

Tokyo Tatemono Co., Ltd.

Green Bond ISIN or Issuer Green Bond Framework Name, if applicable:

2nd Series Deferrable Interest and Callable Unsecured Subordinated Bonds

Independent External Review provider's name:

Japan Credit Rating Agency, Ltd.

Completion date of this form:

February 5, 2019

Publication date of review publication:

February 5, 2019

Section 2. Review overview

SCOPE OF REVIEW

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

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

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

ROLE(S) OF INDEPENDENT EXTERNAL REVIEW PROVIDER

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

Tokyo Tatemono Co., Ltd. (the "Company") is a general real estate company established in 1896 by Zenjiro Yasuda, the founder of former Yasuda Zaibatsu (business conglomerate). It has two core earnings sources, the Office Buildings business focusing on the leasing of office buildings in central Tokyo and the Residences business engaged in development of condominiums and single-family houses for sale.

The Company has set environmental issues as one of the four CSR themes and formulated the "Group Environmental Policy" as a guideline for carrying out environment-conscious activities (creating a pleasant city and living with greenery, climate change prevention that leads the community, resource-saving activities that are kind to the earth, and developing employees with high environmental awareness). Environmental activities are promoted by presenting and implementing these policies in specific activities.

The subject of this evaluation is the 2nd series deferrable interest and callable unsecured subordinated bonds (the "securities") to be issued by Tokyo Tatemono. 100% of proceeds of the securities will be used for new investments or refinancing in properties that meet the eligibility criteria of the Company's Green Finance Framework.

The Green Finance Framework defines the "Green Building" as a property for which funds are to be used as a property that has acquired or is expected to acquire four stars or more in DBJ Green Building certification, Rank A or higher in CASBEE Certification, or four stars or more in BELS certification. New investment properties (Toshima Project), which are candidates for fund appropriation, are scheduled to acquire S rank, which is the highest ranking in the CASBEE. In addition, three properties already developed (Nakano Central Park (South), Otemachi Tower, and Tokyo Square Garden) that are also candidates for fund appropriation have received five stars of DBJ Green Building certification, and the proceeds are used for the properties with high environmental improvements.

Tokyo Tatemono has decided to issue the Green Bonds based on clear environmental targets. The internal system for addressing environmental issues has been properly established, and a system has been established whereby departments with specialized knowledge of the environment are involved in the selection and process of projects for which the proceeds are to be used. As part of the information to be disclosed as environmental improvement effects was given a reliability evaluation by a third-party evaluation organization, JCR confirmed a robust management and operating system and high transparency regarding the Company. As a result, in the JCR assigns "g1" for "Greenness Assessment (Use of Proceeds)" and "m1" for "Management/operation system and Transparency Assessment". Consequently, JCR assigns "Green1" as an overall evaluation results to the bonds. The bonds are considered to meet the standards for items required by the Green Bond Principles and the Green Bond Guidelines of the Ministry of the Environment of Japan.

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

Section 3. Detailed review

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

1. USE OF PROCEEDS

Overall comment on section (if applicable):

a. Environmental Benefits of the Projects

I. In addition to meet the Company's Green Eligible Criteria, 100% of the use of proceeds are to acquire and construct a green building or refinance the green building, which is the highest certified or expected to be obtained at the certification level, which is highly effective in improving the environment.

II. The use of proceeds falls under the categories of "green buildings which meet regional, national or internationally recognized standards or certifications" and "Energy Efficiency" among the green projects defined in the Green Bond Principles or the Ministry of the Environment's Green Bond Guidelines."

b. Negative impact on Environment

With regard to the project subject to the use of proceeds for the securities, JCR confirms that Tokyo Tatemono conducts an environmental impact assessment in accordance with the Tokyo Metropolitan Environmental Impact Assessment Ordinance, which requires the implementation of surveys to reduce the potential negative impact on the environment, and predicts and evaluates the impact of such surveys. From this, JCR evaluates that the Company has been adequately addressed so as to minimize the negative impact that it may have on the environment.

Use of proceeds categories as per GBP:

- | | |
|--|--|
| <input type="checkbox"/> Renewable energy | <input 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:

2. PROCESS FOR PROJECT EVALUATION AND SELECTION

Overall comment on section (if applicable):

Tokyo Tatemono has a clear environmental goal, project selection criteria and process to determine the proceeds, which are shown in the evaluation report composed by JCR.

Evaluation and selection

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

Information on Responsibilities and Accountability

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

3. MANAGEMENT OF PROCEEDS

Overall comment on section (if applicable):

The proceeds of the securities will be used to all/either of the new investments and refinancings for Hareza Ikebukuro (Toshima Project) and the construction and acquisition of the three owned properties described in this evaluation report, and will not be used for any other purposes.

The proceeds are intended to be appropriated to the acquisition and construction of the Green Building or refinancing of the Green Building within one year after the procurement. Therefore, JCR confirms that tracking is sufficient at the time of appropriation.

Tracking of proceeds:

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

Additional disclosure:

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

4. REPORTING

Overall comment on section (if applicable):

a. Reporting on proceeds allocation

The proceeds of the securities are expected to be used for the target projects approximately one year after the issuance. Tokyo Tatemono will disclose the status of the appropriation of proceeds on its website until the unallocated funds are fully appropriated.

b. Impact reporting for environmental benefits

In the Company's Green Finance Framework, Tokyo Tatemono plans to publish the following items on its website once a year as a reporting item on the effects of environmental improvements:

(1) During construction

-Progress of Certification Acquisition Procedures

(2) After completion

-List of valid environmental certifications

-Energy consumption *

-CO2 emissions*

-Water consumption*

*: Total amount of issuers' facilities subject to notification under the Energy Conservation Law

Until the securities are redeemed, Tokyo Tatemono will report environmental improvement effects on new projects and owned properties respectively. Based on the Green Bond Principles, JCR evaluates that disclosure items and frequency are appropriate.

Use of proceeds reporting:

Project-by-project

Linkage to individual bond(s)

On a project portfolio basis

Other (please specify):

Information reported:

Allocated amounts

Other (please specify):

Green Bond financed share of total investment

Frequency:

Annual

Other (please specify):

Semi-annual

Impact reporting:

Project-by-project

Linkage to individual bond(s)

On a project portfolio basis

Other (please specify):

Frequency:

Annual

Other (please specify):

Semi-annual

Information reported (expected or ex-post):

GHG Emissions / Savings

Decrease in water use

Energy Savings

Other ESG indicators (please specify):

Means of Disclosure

- Information published in financial report
- Information published in sustainability report
- Information published in ad hoc documents
- Other *(please specify)*:
- Reporting reviewed

Yes, both use of proceeds and impact reporting are subject to external review.

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.)*

Tokyo Tatemono’s website about CSR efforts
<https://tatemono.com/csr/english/>

JCR’s website about green bond evaluation methodology
<https://www.jcr.co.jp/en/greenfinance/>

SPECIFY OTHER EXTERNAL REVIEWS AVAILABLE, IF APPROPRIATE

Type(s) of Review provided:

- Second Party Opinion
- Certification
- Verification
- Scoring/Rating
- Other *(please specify)*:

Review provider(s):

Japan Credit Rating Agency, Ltd.

Date of publication:

Februar 5, 2019

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

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