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FOR IMMEDIATE RELEASE

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Announcement of the Issuance of Publicly-Offered Hybrid Bond (Subordinated Bond) (Sustainability Bond)

Tokyo Tatemono Co., Ltd. (the “Company”) announces that planning the issuance of hybrid bond (subordinated bond) (hereinafter the “Bond”) through public offering.

Moreover, the Bonds will be issued as Sustainability bonds (*1) where the proceeds will be exclusively applied to eligible projects that provide social and environmental benefits.

1. Purpose and Background of the Issuance

The Tokyo Tatemono group has formulated a long-term vision named “Becoming a Next-generation Developer” looking ahead to the year 2030 at February 2020, which is the target year for the Sustainable Development Goals and the approximate time when a number of large-scale redevelopment projects will be completed. Under this long-term vision, the group is committed to promote the groupwide sustainability initiatives aiming at a higher standard ESG management, in order to achieve both “Contributions to solving social issues” and a “Corporate growth.”

Currently, in the Yaesu, Nihonbashi, and Kyobashi area where our head office has been located since our founding in 1896, the Company has been promoting large-scale urban redevelopment projects such as the "Urban Redevelopment Project for Yaesu 1-chome East Area in front of Tokyo Station" and the "Urban Redevelopment Project for Yaesu 1-chome North Area". Furthermore, the Company has been promoting community development with local people that make use of the history, culture and diverse regional characteristics of the Yaesu, Nihonbashi, and Kyobashi area, such as attracting promising start-up companies and supporting cross-tech, SDGs, food, manufacturing, etc.. Through these actions, we will contribute to the further development of the Yaesu, Nihonbashi, and Kyobashi area and strengthen the competitiveness of the international city of Tokyo, and the company is aiming for sustainable growth as a corporation.

Under such circumstances, the Company decided to issue the Bond by regarding the Bond as a fund procurement method that enables both financial soundness and improvement of capital efficiency, considering that the issuance will enhance the flexibility of the financial strategy and complement the growth strategy from a long-term perspective.

Furthermore, the Company is actively utilizing ESG finance for instance issuing the Japan’s first publicly offered green-qualified hybrid bonds (the world’s first issuance as the real estate sector) and Japan’s first Sustainability bonds (the first issuance as the real estate sector). In order to promote sustainable town development, the Company will issue the Bond by Sustainability bond and accelerate the cycle of allocating the funds raised to sustainable projects.

2. Overview of the Bonds

The Bond is a type of hybrid financing, which have the characteristics of both equity and debt. Although shares will not be diluted as this is debt financing, it has similar characteristics to those of equity, including discretionary interest deferral, an ultra long-term repayment term, and subordination content in liquidation and bankruptcy proceedings. Therefore, the Company expects that one credit rating agency (the Japan Credit Rating Agency, Ltd. (the "JCR")) will identify an equity content of 50% of the amount of financing for its rating.

In addition, the Company is planning to proceed the entire amount of this finance for the acquisition or construction funds or re-funding of projects that meet the eligibility criteria of the Sustainability Finance Framework "Town development that contributes to solving social issues in the the Yaesu, Nihonbashi, and Kyobashi area", which was formulated by the Company.

Name of the Bonds	The 3rd series unsecured subordinated bonds with the optional interest payment deferral and optional early redemption provisions (Sustainability Bond)
Issue amount	To be determined
Issue month	Early February 2021 (Plan)
Maturity	40 years after payment date
Optional early redemption	10 years after payment date, the Company may redeem the bonds at its own discretion on any interest payment date on or after
Use of Proceeds (Plan)	<p>The proceeds will be allocated to the Company's Social Projects (*2) and Green Projects (*3)</p> <p><u>Community-building in Contribution to Solving Social Issues in the Yaesu, Nihonbashi, and Kyobashi Area</u></p> <ol style="list-style-type: none"> 1. Urban redevelopment project for Yaesu 1-Chome East district B in front of Tokyo Station (Yaesu Project) 2. Urban redevelopment project for Yaesu 1-Chome North Area (Gofukubashi Project) 3. Tokyo Square Garden 4. Tokyo Tatemono Nihonbashi Building 5. City Lab TOKYO 6. TOKYO FOOD LAB 7. xBridge-Tokyo/xBridge-Tokyo Next 8. Kitchen Studio SUIBA 9. TOKYO IDEA EXCHANGE
Lead managers	Daiwa Securities Co, Ltd. (administrative lead manager), Mizuho Securities Co., Ltd., SMBC Nikko Securities Inc.

3. Formulation of a sustainability finance framework and acquisition of an external evaluation

■Sustainability Finance Framework

To fund sustainability finance, the Company has formulated its “Sustainability Finance Framework” that stipulates the Company’s policy on the four core components (1. Use of Proceeds, 2. Process for Project Evaluation and Selection, 3. Management of Proceeds, 4. Reporting) set forth in the Sustainability Bond Guideline published by the International Capital Market Association (ICMA) as references in the green bond principles and the social bond principles.

■External Evaluation by JCR

The Company’s Sustainability Finance Framework has obtained the top rating of “SU1(F)” in JCR Sustainability Finance Framework Evaluation (*4) at July 19, 2020.

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

(*1) Sustainability Bonds

Sustainability Bonds are debt instruments whose proceeds must be used to finance eligible projects that: (1) contribute to solving social issues (social features); and (2) have a positive impact on the environment (green features).

(*2) Social projects

Projects that contribute to achieving any of the following items 1 to 3

1. Basic infrastructure development, access to essential services
2. Socioeconomic advancement, empowerment
3. Food security

(*3) Green Projects

The eligible properties that have obtained or plan to obtain the highest or second-highest certification/re-certification from one of the three third-party certification organizations listed below

1. Four or five stars in the DBJ Green Building certification
2. S Rank or A Rank in CASBEE for New Construction
3. Four or five stars in the BELS certification

(*4) JCR Sustainability Finance Framework Evaluation

The evaluation evaluates the extent to which the proceeds procured from the execution of the sustainability finance are appropriated for social projects or green projects as defined by JCR, as well as the level of management, operation, and transparency initiatives related to the use of proceeds for the relevant sustainability finance.

— Reference —

“Announcement of the Issuance of Sustainability Bonds (July 19, 2020)

<https://pdf.irpocket.com/C8804/BYOH/kKtr/eFA9.pdf>

Main update from the above release

- ① Urban redevelopment project for Yaesu 1-Chome East district B in front of Tokyo Station (Yaesu Project)
< Related Press Release >
Approval of the Rights Exchange Plan for Urban Redevelopment Project for Yaesu 1-Chome East District B in Front of Tokyo Station (July 1, 2020)
<https://pdf.irpocket.com/C8804/BYOH/kKtr/i1Pe.pdf>
- ② City Lab Tokyo
< Related Press Release >
"Introduction of Sustainable Town Development" opened at an online seminar that captures the overall picture of a sustainable city required in the Corona era (October 20, 2020)
<https://pdf.irpocket.com/C8804/cXa5/YQHq/jOSh.pdf> (Japanese version)
- ③ TOKYO FOOD LAB
< Related Press Release >
Notice of participation in "Food Tech Studio --Bites!". Contribution to the realization of a sustainable society through "food" (September 30, 2020)
<https://pdf.irpocket.com/C8804/YDKb/Hbhe/uevY.pdf> (Japanese version)

Launch of the construction of global city-spanning food ecosystem in Kyobashi! “Future Food Hub in Japan” Soon to Pursue Full-scale Activities in Japan. (December 10, 2020)
<https://pdf.irpocket.com/C8804/j9N9/eOvm/ZNp9.pdf>
- ④ TOKYO IDEA EXCHANGE
Notice of the opening of "TOKYO IDEA EXCHANGE", a place for "engineers" to co-create beyond the boundaries of companies. Developed corona countermeasure equipment in collaboration with Keio University Hospital and Hashimoto Sogyo Ltd.
(December 17, 2020)
<https://pdf.irpocket.com/C8804/j9N9/CbZW/rKbv.pdf> (Japanese version)
- ⑤ The Yaesu, Nihonbashi, and Kyobashi area
Notice of The Tokyo Metropolitan Government’s Innovation Ecosystem Formation Support Project “Certified Regional Council” at the 2nd year of Reiwa era (October 25, 2020)
<https://pdf.irpocket.com/C8804/PLDE/qMRv/L4ap.pdf> (Japanese version)