



NEWS RELEASE

Oct 5, 2018

[R&I Green Bond Assessment]

Tokyo Century Corporation Unsec. Str. Bonds No. 25 (Tokyo Century Green Bond)

: GA1 Formal

Rating and Investment Information, Inc. (R&I) has announced the following R&I Green Bond Assessment (GA1 (Formal)). R&I announced a preliminary assessment for this instrument on September 10, 2018. The preliminary assessment has now been converted to a formal assessment.

[DESCRIPTION OF INSTRUMENT]

INSTRUMENT NAME	Unsec. Str. Bonds No. 25 (Tokyo Century Green Bond)
ISSUER	Tokyo Century Corporation
ISSUE AMOUNT (mn)	JPY 10,000
R&I GREEN BOND ASSESSMENT	GA1 (Formal)
ISSUE DATE	October 15, 2018
MATURITY DATE	October 13, 2023

R&I has confirmed that the green bond is in conformity to the green bond framework developed by Tokyo Century Corporation from the perspectives of the fixed issue amount, term, etc. and assigned GA1 (Formal) to the green bond.

Details are provided in the attached press release dated September 10, 2018 regarding R&I Green Bond Assessment (GA1 (Preliminary), Second Opinion).

In addition to this assessment, R&I has assigned a credit rating to Tokyo Century Green Bond. For details, please refer to <https://www.r-i.co.jp/en/index.html>.

R&I Green Bond Assessment is not the Credit Rating Business, but one of the Ancillary Businesses (businesses excluding Credit Rating Service but are ancillary to Credit Rating Activities) as set forth in Article 299, paragraph (1), item (xxviii) of the Cabinet Office Ordinance on Financial Instruments Business, etc. With respect to such business, relevant laws and regulations require measures to be implemented so that activities pertaining to such business would not unreasonably affect the Credit Rating Activities, as well as measures to prevent such business from being misperceived as the Credit Rating Business.



NEWS RELEASE

Sep 10, 2018

【R&I Green Bond Assessment】

Tokyo Century Corporation Tokyo Century Green Bond

: GA1 (Preliminary)

: Second Opinion

(The second opinion is an opinion regarding the alignment with Green Bond Principles, etc.)

Rating and Investment Information, Inc. (R&I) has announced the following R&I Green Bond Assessment (GA1 (Preliminary), Second Opinion).

【DESCRIPTION OF INSTRUMENT】

INSTRUMENT NAME	Tokyo Century Green Bond
ISSUER	Tokyo Century Corporation
ISSUE AMOUNT (mn)	JPY 10,000 scheduled
R&I GREEN BOND ASSESSMENT	GA1 (Preliminary)
ISSUE DATE	October 2018 scheduled
MATURITY DATE	October 2023 scheduled

【Summary】

Tokyo Century Corporation (hereinafter referred to as Tokyo Century), is a leading general leasing company closely related to Mizuho Financial Group. Its lines of business include the Equipment Leasing business, the Specialty Financing business centering on shipping, aviation, environmental and energy, and real estate, the Domestic Automobile Financing business centering on automobile leasing and car rental, and the International Business. Kyocera TCL Solar LLC (hereinafter referred to as KTS), jointly founded with Kyocera Corporation in August 2012, is engaged in solar power generation business with approximately 258.1 MW of total output at 67 sites across Japan as of the end of August 2018.

Tokyo Century now considers issuing a green bond to invest the proceeds in leasing solar power generation facilities for KTS, and has developed a green bond framework which addresses the four core components of Green Bond Principles including use of proceeds, process for project evaluation and selection, management of proceeds, and reporting.

【R&I Green Bond Assessment】

R&I has judged, in accordance with R&I Green Bond Assessment Methodology, that the proceeds from the green bond would be invested into projects with significant environmental benefits, and assigned GA1 (preliminary) to the green bond. This is a preliminary assessment and will be reassessed after the final confirmation of bond issuance details.

【Second Opinion on the alignment with Green Bond Principles, etc.】

R&I has also provided a second opinion that the green bond framework is aligned with Green Bond Principles 2018 and Green Bond Guidelines 2017 by Ministry of the Environment of Japan.

Note that R&I has confirmed that the green bond under consideration is going to be in conformity to the said framework from the perspectives of issue amount and term, details of eligible projects, assets and investment schedule, etc.

【Rationale】

- The proceeds from the bond issuance will be used to refinance the purchase of solar power generation facilities leased by Tokyo Century for KTS's solar power generation business. Among KTS's power plants, facilities whose lease contracts commenced in or after October 2016 shall be selected.
- As to (1) whether environmental benefits yielded from eligible projects are enough, and (2) whether considerations are given to a potentially negative effect during the operational and developmental phase, R&I confirmed by interview or in writing the examination standards applied by Tokyo Century to eligible projects and sampled power plants among the entire eligible projects, and has judged that the KTS's projects are adequate as a use of proceeds from the green bond.
- With regard to the process for project evaluation and selection, the process will be involved by relevant departments under leadership of Treasury Division. Based on the bonds comprehensive resolution by Board of Directors, issuance of the green bond will be involved by Sustainability Management Office in Corporate Planning Division that is engaged in planning, promotion and overview of sustainability, and approved by Management Meeting. Evaluation and selection of eligible projects will be involved by Environment & Energy Business Division I that has the expertise in examining the effectiveness of solar power generation businesses and responsiveness to potentially negative aspects of environmental and social impacts. Eligible projects are considered to be in line with the environmental policy declared by Tokyo Century's management philosophy, etc.
- The entire proceeds are to be allocated to refinancing. After the allocation, Tokyo Century will ensure that lease balance outstanding of an eligible business is equal or greater than the amount of proceeds from the green bond. Unallocated proceeds (although they are not expected to incur) will be managed as cash deposit, if incurred.
- With regard to reporting, the asset allocation status and amount of CO2 emission reduction of the entire power plants of KTS will be disclosed on Tokyo Century's website once a year.
- Tokyo Century has developed an environmental policy and framework, and promotes environmental activities and efforts for energy saving in an office environment through its businesses including KTS's solar power generation business, etc.

R&I Green Bond Assessment is not the Credit Rating Business, but one of the Ancillary Businesses (businesses excluding Credit Rating Service but are ancillary to Credit Rating Activities) as set forth in Article 299, paragraph (1), item (xxviii) of the Cabinet Office Ordinance on Financial Instruments Business, etc. With respect to such business, relevant laws and regulations require measures to be implemented so that activities pertaining to such business would not unreasonably affect the Credit Rating Activities, as well as measures to prevent such business from being misperceived as the Credit Rating Business.

■ Outline of Issuer (Tokyo Century Corporation)

Tokyo Century is a leading general leasing company closely related to Mizuho Financial Group. Its lines of business include the Equipment Leasing business, the Specialty Financing business centering on shipping, aviation, environmental and energy, and real estate, the Domestic Automobile Financing business centering on automobile leasing and car rental, and the International Business. Tokyo Century declares under the management philosophy "Contribution to Creating an Environmentally-Sound, Sustainable Economy and Society" and is engaged in not only activities to reduce environmental burden from an office environment but also environmental contributions through business activities.

Environmental contributions through business activities include environmental business-related leasing, installment finance and finance transactions, refurbishment of used PCs, and renewable energy businesses, etc.

In Specialty Financing, in particular, Tokyo Century focuses on renewable energy business by solar power generation through its subsidiary KTS. The company operates solar power plants with approximately 258.1 MW of total output at 67 sites across Japan as of the end of August 2018, including Japan's largest floating solar power plant on the Yamakura Dam reservoir in Chiba prefecture that was launched in March 2018.

The company also developed an energy-saving environment replacing street lamps to LED type and a solar power generation scheme that is designed to contribute to local production of clean energy for local consumption. The project promoted for local governments under this scheme was selected as 2016 Good Practice by Principles for Financial Action for the 21st Century.

In ASEAN member countries, Tokyo Century promotes initiatives including greenhouse gas reduction and energy self-sufficiency improvements by leveraging the Joint Crediting Mechanism (JCM),¹ etc., and the company was selected as a representative participant for the first time as financial services company in Japan.

As part of these initiatives, Tokyo Century has developed a green bond framework and considers issuing a green bond. For the company to promote continuous environmental projects, the company believes that the issuance of a green bond will contribute to deepening stakeholders' understanding of its businesses and obtaining supports.

¹ A bilateral mechanism proposed by the government of Japan as a means to facilitate the diffusion of leading low carbon technologies, etc. in developing countries for reducing the quantity of their CO₂ (GHG) emissions and appropriately evaluate contributions from Japan in a quantitative manner, aiming to recognize part of them as Japan's achievement of emissions reduction.

■ Outline of Green Bond Framework (Tokyo Century Green Bond)

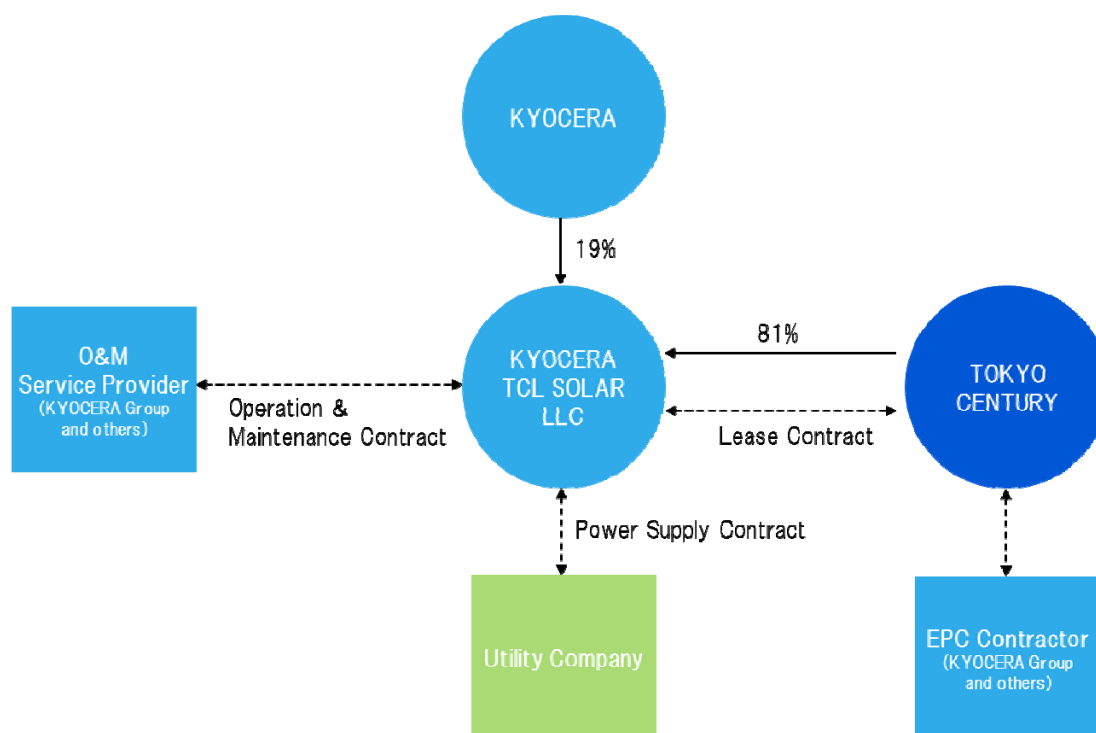
At the issue of its green bond, Tokyo Century has prepared a green bond framework that constitutes issuer's practical guidelines for the four standards of Green Bond Principles including use of proceeds, process for project evaluation and selection, management of proceeds, and reporting. The outline of the framework is as follows:

1. Use of Proceeds:

- The proceeds from the green bond will be allocated to projects that satisfy the following selection criteria.

Project category	Project Name
Renewable energy	Solar power generation business implemented by Kyocera TCL Solar LLC

- Eligible business is solar power generation business implemented by Kyocera TCL Solar LLC (KTS), 81% ownership of which is held by Tokyo Century, the parent company. Tokyo Century leases solar power generation facilities to KTS. The proceeds from the green bond will be used to refinance the fund to purchase the lease assets.
- KTS is engaged in solar power generation business with approximately 258.1 MW of total output at 67 sites across Japan as of the end of August 2018, achieving the annual electricity generated for the period from April 2017 to March 2018 of 149,681 MWh reducing CO2 emissions by 47,075 tons.
- The scheme of KTS's solar power generation business is as follows:

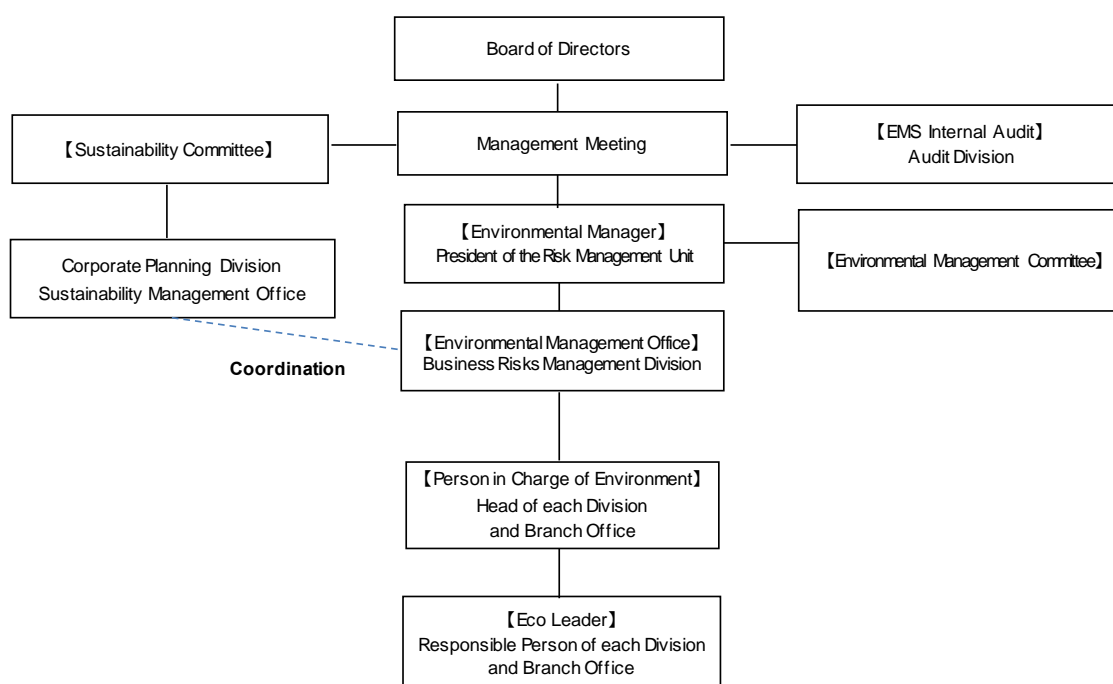


- Look-back period of projects eligible for refinancing shall be limited to a certain period in the past in line with market practice.
- Potentially negative aspects of environmental impacts associated with solar power generation business generally include damage or negative impacts on ecosystems caused by large-scale land-development, outflow of muddy water, light pollution and negative impact on landscape, noise and vibration from related facilities. KTS constructs power plants after it satisfies the requirements of environment-related laws, regulations and ordinances concerning forest land development and environmental conservation, while it holds meetings to explain to local residents if needed, in order to address environmentally and socially negative impacts.

2. Process for Project Evaluation and Selection:

- Tokyo Century declares that "Contribution to Creating an Environmentally-Sound, Sustainable Economy and Society" in its management philosophy, and places KTS's solar power generation business as an important initiative through which the company seeks sustainable growth. Tokyo Century promotes social contribution and environmental conservation through its business activities.
- By generating renewable energy, the business would yield high environmental benefits (reduces CO2 emissions), while development and operation of the projects is conducted in due consideration to potentially negative aspects of environmental and social impacts.
- In the context of the above, after discussion between Environment & Energy Business Division I in charge of lease finance in environment and energy and Treasury Division, Tokyo Century concluded that it is appropriate to select KTS's solar power generation projects as eligible business of the green bond.
- The issuance of the green bond was discussed among Treasury Division, Sustainability Management Office in Corporate Planning Division that is engaged in planning, promotion and overview of company-wide sustainability, and Investor Relations Division, and has been promoted as a matter that helps advancing the company's environmental businesses.
- Based on the bonds comprehensive resolution by Board of Directors, the issuance of the green bond approved by Management Meeting.

Tokyo Century Corporation Environmental Management System (EMS)



■ Tokyo Century's Environmental Activities Policy

(1) Management Philosophy

"Tokyo Century Group will work alongside customers in pursuit of their growth as a highly specialized and unique financial services company and will contribute to the creation of an environmentally-sound, sustainable economy and society."

(2) Management Policy (abstract)

"We will always be mindful of our social responsibility as a corporation and will conduct our business activities with vigor and sincerity as we fulfill our role of creating a sustainable economy and society."

(3) Other Codes and Guidelines

▶ Corporate Code of Conduct (abstract)

5. Preservation of the Environment

Tokyo Century Group seeks to preserve the environment in all areas of its business activities by endeavoring to create an environmentally-sound, sustainable economy and society.

▶ Our Action Guidelines (abstract)

5. We will pursue activities to preserve the environment

We will maintain a high awareness of environmental issues and actively work to preserve the environment, which includes actions to prevent global warming and promote energy conservation.

▶ Basic Environmental Policy (summary)

In accordance with (1) Management Philosophy presented above, Basic Environmental Policy states that the company will implement initiatives that support the five factors of the Policy including (1) Global Environmental Preservation through Business; (2) Contribution to Creating an Environmentally-Sound, Sustainable Economy and Society; (3) Promotion of Resource and Energy Conservation Activities; (4) Legal Compliance; and (5) Efforts for Continuous Improvement.

3. Management of Proceeds:

- The proceeds from the green bond are to be allocated to refinancing immediately.
- After the allocation, Treasury Division of Tokyo Century will ensure using the internal lease assets management system on a quarterly basis that lease asset balance of an eligible project is equal or greater than the amount of proceeds from the green bond.
- Since the entire proceeds are to be allocated to refinancing, Tokyo Century states on a policy that unallocated proceeds (although they are not expected to incur) shall be managed as cash deposit, if incurred.
- While the lease asset balance for KTS is expected to maintain a certain amount or greater now and in the future, if it falls below the amount of proceeds from the green bond, unallocated proceeds would be used to refinance another lease asset with superior environmental benefits equivalent to the said project.

4. Reporting:

- Tokyo Century will disclose green bond reporting on the company's website once a year.
- The reporting mainly consists of (1) reporting on proceeds allocation status and (2) impact reporting.
- (1) will continue until the allocation is completed. Outline of KTS's representative power plants will be disclosed.
- (2) includes annual total output and amount of CO2 emission reduction of the entire power plants of KTS as follows. This report will be disclosed.

Item	Unit	Period ending March 2016 (actual)	Period ending March 2017 (actual)	Period ending March 2018 (actual)
Reduce CO2 emissions through solar power generation business of KTS	Annual electricity generated (MWh)	67,011	111,487	149,681
	Annual reduction in CO2 (t) (comparison with conventional thermal power generation)	21,075	35,063	47,075

Source: Estimated by Tokyo Century in reference to Japan Photovoltaic Energy Association "The standards of CO2 emissions reduction"

■ Evaluation on Green Bond Framework (Second Opinion)

In line with R&I Green Bond Assessment Methodology, R&I evaluated if the green bond framework prepared by Tokyo Century is in conformity to Green Bond Principles 2018 and Green Bond Guidelines 2017 by Ministry of the Environment of Japan.

1. Use of Proceeds:

For green bond proceeds to be used to invest in projects with environmental benefits, the eligible projects in which the funds are invested must be identified as being environmentally beneficial.

Main basis for evaluation

- Details of the framework
- Examination criteria applied by Tokyo Century for the execution of leasing
- Details of solar power plants sampled among the entire eligible projects

Evaluation

- Under the framework, the proceeds are allocated to refinance the funds to purchase lease assets for KTS's solar power generation business.
- The eligible business is solar power generation business, a type of renewable energy, and is an eligible green asset which is assumed to yield sufficient environmental benefits (CO2 emissions reduction).
- As to (1) whether environmental benefits yielded from the eligible business are sufficient, and (2) whether considerations are given to potentially negative aspects of environmental impacts during the operational and developmental phase, R&I examined by interview or in writing the examination criteria applied by Tokyo Century to the eligible business and sampled power plants among the entire eligible business.
- From the (1) perspective, R&I confirmed that the business would have good viability based on securement of project site, selection of major power generation facilities, and the O&M structure, and has judged that it would yield superior environmental benefits as eligible green bond project.
- From the (2) perspective, R&I confirmed that Tokyo Century pays sufficient consideration to the surrounding environment including an acquisition of permission and authorization required at the time of development and operation, and has judged that the company pays sufficient consideration to potential negative aspects of environmental impacts.
- Allocation of the proceeds is restricted to eligible projects that were initiated within a certain period. The proceeds are to be used to refinance a fund that was financed by commercial papers issued by Tokyo Century. R&I therefore confirmed that the said assets are eligible for refinancing with green bond proceeds.

For the reasons stated above, R&I has judged the use of proceeds under the framework is in conformity to Green Bond Principles 2018 and Green Bond Guidelines 2017 by Ministry of the Environment of Japan.

2. Process for Project Evaluation and Selection:

For green bond proceeds to be used to invest in projects with environmental benefits, the issuer's rationale and process regarding the selection of eligible projects must be clear and reasonable.

Main basis for evaluation

- Details of the framework
- Environmental policy of Tokyo Century
- Examination criteria applied by Tokyo Century for the execution of leasing
- Eligibility of the solar power plants sampled from the entire eligible projects

Evaluation

- The eligible business is in conformity to Environmental Policy including the provision of Management Philosophy of Tokyo Century.
- The eligible business would yield sufficient environmental benefits (have good viability) and pays consideration to potentially negative aspects of environmental and social impacts.
- With regard to the process for project evaluation and selection, the process will be involved by relevant departments under leadership of Treasury Division. Based on the bonds comprehensive resolution by Board of Directors, issuance of the green bond will be involved by Sustainability Management Office in Corporate Planning Division that is engaged in planning, promotion and overview of sustainability, and approved by Management Meeting. Evaluation and selection of eligible projects will be involved by Environment & Energy Business Division I that has the expertise in examining the effectiveness of solar power generation businesses and responsiveness to potentially negative aspects of environmental and social impacts.

For the reasons stated above, R&I has judged the process for project evaluation and selection under the framework is in conformity to Green Bond Principles 2018 and Green Bond Guidelines 2017 by Ministry of the Environment of Japan.

3. Management of Proceeds:

For the green bond proceeds to be used to invest in projects with environmental benefits, the proceeds must be allocated to eligible projects, and must not be invested in projects other than eligible projects.

Main basis for evaluation

- Details of the framework

Evaluation

- Tokyo Century will allocate the proceeds from the green bond to refinancing immediately. Treasury Division of Tokyo Century will ensure on a quarterly basis that lease asset balance of the eligible business exceeds the amount of proceeds from the green bond. In that sense, measures to allocate the proceeds to eligible green projects are deemed to be in place.
- Moreover, the policy for management of proceeds under the framework provides that unallocated proceeds would be managed as cash deposit(although such proceeds are not expected to incur in principle), and in the cases where balance of lease assets outstanding fall below the amount of proceeds, unallocated proceeds would be reallocated to other lease assets with superior environmental benefits.

For the reasons stated above, R&I has judged that the policy for management of proceeds under the framework is in conformity to Green Bond Principles 2018 and Green Bond Guidelines 2017 by Ministry of the Environment of Japan.

4. Reporting:

To ensure that green bond proceeds are used to invest in projects with environmental benefits, the issuer is expected to provide details on the eligible projects, the timing of investments, and the environmental benefits yielded by the projects.

Main basis for evaluation

- Details of the framework

Evaluation

- Reporting on the green bond will be disclosed on Tokyo Century's website once a year. It consists of proceeds allocation status reporting and impact reporting on the entire power plants of KTS and is deemed adequate.

For the reasons stated above, R&I has judged that reporting under the framework is in conformity to Green Bond Principles 2018 and Green Bond Guidelines 2017 by Ministry of the Environment of Japan.

<Comprehensive Evaluation>

In line with the assessment methodology of R&I green bond assessment, R&I has judged that the framework is in conformity to Green Bond Principles 2018 and Green Bond Guidelines 2017 by Ministry of the Environment of Japan.

This second opinion shall be applied to the green bond to be issued at this time. For subsequent issues, R&I will review the status and then release its second opinion again.

■ Evaluation Result on the Green Bond

In line with the assessment methodology of R&I Green Bond Assessment, R&I confirmed if the amount and term of the green bond to be issued, as well as details of eligible projects and the allocation schedule, etc. thereof, are in conformity to the provisions of the framework. Also, in accordance with the details of the framework and specific measures to be taken for the green bond, R&I evaluated the extent the proceeds from the green bond are used to invest in businesses with environmental benefits.

1. Use of Proceeds:

- The selected projects eligible for the green bond are among the eligible businesses (KTS's solar power plants) under the framework whose lease contract was closed within the past two years, and they are in conformity to the green bond framework.
- Along with the evaluation of the framework, R&I verified (1) whether environmental benefits yielded from eligible projects are sufficient, and (2) whether considerations are given to potentially negative aspects of environmental impacts during the operational and developmental phase.
- As a result, R&I confirmed that environmental benefits yielded from the eligible projects is sufficient, and considerations are given to potentially negative aspects of environmental impacts during the operational and developmental phase.
- The proceeds are to be used to refinance the fund to purchase solar power generation facilities leased to the eligible projects whose lease contract was closed within the past two years.
- R&I also confirmed that the lease asset balance of eligible businesses exceeds the expected amount of proceeds from the green bond to a sufficient extent both at an initial stage and at the time the green bond matures.

For the reasons stated above, R&I has judged that the proceeds from the green bond will be used to projects with superior environmental benefits.

2. Process for Project Evaluation and Selection:

- R&I confirmed that projects eligible for the green bond will be selected based on the framework established by the issuer.
- R&I has judged that the process for project evaluation is very clear and reasonable.

3. Management of Proceeds:

- R&I confirmed that the proceeds will be managed based on the framework established by the issuer.
- R&I has judged that the proceeds management framework of the green bond is excellent.

4. Reporting:

- R&I confirmed that reporting will be implemented in accordance with the framework stipulated by the issuer.
- R&I has judged that the policy for reporting on the green bond is excellent in content and frequency.

5. Environmental activities of the issuer:

The extent the proceeds from a green bond is used to invest in businesses with environmental benefits is considered to be affected by issuer's attitude toward environmental activities and track records of such activities. This is because an issuer with higher interest in and more track records of environmental activities are more likely to allocate proceeds from a green bond to businesses with environmental benefits and get those businesses done.



- Tokyo Century developed environmental policy and structure and has promoted environmental activities through KTS's solar power generation business, among others, and energy-saving efforts in an office environment. The company has been selected as a representative participant of the Joint Credit Mechanism (JCM) for the first time as finance and services company in Japan.
- R&I has judged that the company's attitude toward environmental activities is excellent.






<Comprehensive Evaluation>

For the reasons stated above, R&I has judged that the green bond will be issued under the framework established by the issuer and is in conformity to Green Bond Principles 2018 and the four requirements of Green Bond Guidelines 2017 by Ministry of the Environment of Japan.

R&I also evaluated the green bond in line with R&I Green Bond Assessment. In accordance with the comprehensive evaluation based on individual evaluation result by item, R&I has judged that the proceeds from the green bond subject to evaluation is highly likely to be used to invest in businesses with environmental benefits and assigned GA1 (preliminary) to the bond. Individual evaluation result by item is as follows:

【Assessment of each item】

Each item has been assessed on a scale of one to five, with  being the highest and  being the lowest.

Item	Assessment	Summary
Use of proceeds		Sufficient environmental benefits would be yielded from eligible solar power plants, and considerations are paid to potentially negative aspects of environmentally negative impacts during development and operation. The extent the businesses yield environmental benefits has been judged to be particularly high.
Process for project evaluation and selection		The process for project evaluation and selection of the green bond has been judged to be excellent in clarity and reasonableness.
Management of proceeds		Management of proceeds from the green bond has been judged to be appropriately established and excellent.
Reporting		Reporting policy of the green bond has been judged to be excellent in content and frequency.
Issuer's environmental contribution activities		The issuer developed environmental policy and structure and has promoted environmental activities through businesses and energy-saving efforts in an office environment. The issuer's attitude toward environmental activities has been judged to be excellent.

The methodology for R&I Green Bond Assessment is disclosed on R&I's website.
https://www.r-i.co.jp/en/rating/products/green_bond/methodology.html

R&I Green Bond Assessment is R&I's opinion regarding the extent to which the proceeds from the issuance of green bonds are used to invest in projects with environmental benefits. In R&I Green Bond Assessment, R&I may also provide a second opinion on a green bond framework. R&I Green Bond Assessment does not certify the environmental benefits and other qualities of the eligible projects. Hence, R&I will not be held responsible for the effectiveness of the projects, including their environmental benefits. R&I Green Bond Assessment is not the Credit Rating Business, but one of the Ancillary Businesses (businesses excluding Credit Rating Service but are ancillary to Credit Rating Activities) as set forth in Article 299, paragraph (1), item (xxviii) of the Cabinet Office Ordinance on Financial Instruments Business, etc. With respect to such business, relevant laws and regulations require measures to be implemented so that activities pertaining to such business would not unreasonably affect the Credit Rating Activities, as well as measures to prevent such business from being misperceived as the Credit Rating Business.

R&I Green Bond Assessment is not, in any sense, statements of current, future, or historical fact and should not be interpreted as such, and R&I Green Bond Assessment is not a recommendation to purchase, sell, or hold any particular securities and does not constitute any form of advice regarding investment decisions or financial matters. R&I Green Bond Assessment does not address the suitability of an investment for any particular investor. R&I issues R&I Green Bond Assessment based on the assumption that each investor will investigate and evaluate the securities which they plan to purchase, sell, or hold for themselves. All investment decisions shall be made at the responsibility of the individual investor.

The information used when R&I issues R&I Green Bond Assessment is information that R&I has determined, at its own discretion, to be reliable. However, R&I does not undertake any independent verification of the accuracy or other aspects of that information. R&I makes no representation or warranty, express or implied, as to the accuracy, timeliness, adequacy, completeness, merchantability, fitness for any particular purpose, or any other matter with respect to any such information.

R&I may suspend or withdraw R&I Green Bond Assessment at its discretion due to insufficient data or information, or other circumstances.

R&I is not responsible or liable in any way to any party, for all or any damage, loss, or expenses arising out of or in relation to errors, omissions, inappropriateness of, or insufficiencies in the information used when issuing R&I Green Bond Assessment, R&I Green Bond Assessment or other opinions, or arising out of or in relation to the use of such information or R&I Green Bond Assessment, or amendment, suspension, or withdrawal of R&I Green Bond Assessment (regardless of the nature of the damage, including direct, indirect, ordinary, special, consequential, compensatory, or incidental damage, lost profits, non-monetary damage, and any other damage, and including expenses for attorneys and other specialists), whether in contract, tort, for unreasonable profit or otherwise, irrespective of negligence or fault of R&I. As a general rule, R&I issues R&I Green Bond Assessment for a fee paid by the applicant.

The Assessment Methodologies R&I uses in connection with evaluation are R&I's opinions prepared based on R&I's own analysis and research, and R&I makes no representation or warranty, express or implied, as to the accuracy, timeliness, adequacy, completeness, merchantability, fitness for any particular purpose, or any other matter with respect to the Assessment Methodologies. Further, disclosure of the Assessment Methodologies by R&I does not constitute any form of advice regarding investment decisions or financial matters or comment on the suitability of any investment for any party. R&I is not liable in any way for any damage arising in respect of a user or other third party in relation to the content or the use of the Assessment Methodologies, regardless of the reason for the claim, and irrespective of negligence or fault of R&I. All rights and interests (including patent rights, copyrights, other intellectual property rights, and know-how) regarding the Assessment Methodologies belong to R&I. Use of the Assessment Methodologies, in whole or in part, for purposes beyond personal use (including reproducing, amending, sending, distributing, transferring, lending, translating, or adapting the information), and storing the Assessment Methodologies for subsequent use, is prohibited without R&I's prior written permission.

[Japanese is the official language of this material and if there are any inconsistencies or discrepancies between the information written in Japanese and the information written in languages other than Japanese the information written in Japanese will take precedence.]

Green Bond / Green Bond Programme

Independent External Review Form

Section 1. Basic Information

Issuer name: Tokyo Century Corporation

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

Independent External Review provider's name: Rating and Investment Information, Inc. (R&I)

Completion date of this form: October 5, 2018

Publication date of review publication: October 5, 2018

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

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

Latest update: June 2018

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R&I Green Bond Assessment is R&I's opinion regarding the extent to which the proceeds from the issuance of green bonds are used to invest in projects with environmental benefits and is not statements of fact. R&I Green Bond Assessment does not certify the environmental benefits and other qualities of the eligible projects. Hence, R&I will not be held responsible for the effectiveness of the projects, including their environmental benefits. R&I Green Bond Assessment is not the Credit Rating Business, but one of the Ancillary Businesses (businesses excluding Credit Rating Service but are ancillary to Credit Rating Activities) as set forth in Article 299, paragraph (1), item (xxviii) of the Cabinet Office Ordinance on Financial Instruments Business, etc. With respect to such business, relevant laws and regulations require measures to be implemented so that activities pertaining to such business would not unreasonably affect the Credit Rating Activities, as well as measures to prevent such business from being misperceived as the Credit Rating Business. Further, R&I does not give advice regarding investment decisions or financial matters, or endorse the merits of any investment. R&I does not undertake any independent verification of the accuracy or other aspects of the related information when issuing R&I Green Bond Assessment and makes no related representations or warranties. R&I is not liable in any way for any damage arising in relation to R&I Green Bond Assessment (including amendment or withdrawal thereof). As a general rule, R&I issues R&I Green Bond Assessment for a fee paid by the applicant. For details, please refer to <https://www.r-i.co.jp/en/docs/policy/site.html>.

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

[R&I Green Bond Assessment]

R&I has judged, in accordance with R&I Green Bond Assessment Methodology, that the proceeds from the green bond would be invested into projects with significant environmental benefits, and assigned GA1 to the green bond.

[Second Opinion on the alignment with Green Bond Principles, etc.]

R&I has also provided a second opinion that the green bond framework is aligned with Green Bond Principles 2018 and Green Bond Guidelines 2017 by Ministry of the Environment of Japan.

For details, please refer to R&I Green bond assessment report above.

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):

< Evaluation on the Green Bond Framework >

Under the framework, the proceeds are allocated to refinance the funds to purchase lease assets for KTS's solar power generation business.

The eligible business is solar power generation business, a type of renewable energy, and is an eligible green asset which is assumed to yield sufficient environmental benefits (CO2 emissions reduction).

As to (1) whether environmental benefits yielded from the eligible business are sufficient, and (2) whether considerations are given to potentially negative aspects of environmental impacts during the operational and developmental phase, R&I examined by interview or in writing the examination criteria applied by Tokyo Century to the eligible business and sampled power plants among the entire eligible business.

From the (1) perspective, R&I confirmed that the business would have good viability based on securement of project site, selection of major power generation facilities, and the O&M structure, and has judged that it would yield superior environmental benefits as eligible green bond project.

From the (2) perspective, R&I confirmed that Tokyo Century pays sufficient consideration to the surrounding environment including an acquisition of permission and authorization required at the time of development and operation, and has judged that the company pays sufficient consideration to potential negative aspects of environmental impacts.

Allocation of the proceeds is restricted to eligible projects that were initiated within a certain period. The proceeds are to be used to refinance a fund that was financed by commercial papers issued by Tokyo Century. R&I therefore confirmed that the said assets are eligible for refinancing with green bond proceeds.

For the reasons stated above, R&I has judged the use of proceeds under the framework is in conformity to Green Bond Principles 2018 and Green Bond Guidelines 2017 by Ministry of the Environment of Japan.

< Evaluation on the Green Bond >

The selected projects eligible for the green bond are among the eligible businesses (KTS's solar power plants) under the framework whose lease contract was closed within the past two years, and they are in conformity to the green bond framework.

Along with the evaluation of the framework, R&I verified (1) whether environmental benefits yielded from eligible projects are sufficient, and (2) whether considerations are given to potentially negative aspects of environmental impacts during the operational and developmental phase.

As a result, R&I confirmed that environmental benefits yielded from the eligible projects is sufficient, and considerations are given to potentially negative aspects of environmental impacts during the operational and developmental phase.

The proceeds are to be used to refinance the fund to purchase solar power generation facilities leased to the eligible projects whose lease contract was closed within the past two years.

R&I also confirmed that the lease asset balance of eligible businesses exceeds the expected amount of proceeds from the green bond to a sufficient extent both at an initial stage and at the time the green bond matures.

For the reasons stated above, R&I has judged that the proceeds from the green bond will be used to projects with superior environmental benefits.

Use of proceeds categories as per GBP:

- | | |
|--|--|
| <input checked="" 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 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 (<i>please specify</i>): |

If applicable please specify the environmental taxonomy, if other than GBPs:

2. PROCESS FOR PROJECT EVALUATION AND SELECTION

Overall comment on section (if applicable):

< Evaluation on the Green Bond Framework >

The eligible business is in conformity to Environmental Policy including the provision of Management Philosophy of Tokyo Century.

The eligible business would yield sufficient environmental benefits (have good viability) and pays consideration to potentially negative aspects of environmental and social impacts.

With regard to the process for project evaluation and selection, the process will be involved by relevant departments under leadership of Treasury Division. Based on the bonds comprehensive resolution by Board of Directors, issuance of the green bond will be involved by Sustainability Management Office in Corporate Planning Division that is engaged in planning, promotion and overview of sustainability, and approved by Management Meeting. Evaluation and selection of eligible projects will be involved by Environment & Energy Business Division I that has the expertise in examining the effectiveness of solar power generation businesses and responsiveness to potentially negative aspects of environmental and social impacts.

For the reasons stated above, R&I has judged the process for project evaluation and selection under the framework is in conformity to Green Bond Principles 2018 and Green Bond Guidelines 2017 by Ministry of the Environment of Japan.

< Evaluation on the Green Bond >

R&I confirmed that projects eligible for the green bond will be selected based on the framework established by the issuer.

R&I has judged that the process for project evaluation is very clear and reasonable.

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):

< Evaluation on the Green Bond Framework >

Tokyo Century will allocate the proceeds from the green bond to refinancing immediately. Treasury Division of Tokyo Century will ensure on a quarterly basis that lease asset balance of the eligible business exceeds the amount of proceeds from the green bond. In that sense, measures to allocate the proceeds to eligible green projects are deemed to be in place.

Moreover, the policy for management of proceeds under the framework provides that unallocated proceeds would be managed as cash deposit(although such proceeds are not expected to incur in principle), and in the cases where balance of lease assets outstanding fall below the amount of proceeds, unallocated proceeds would be reallocated to other lease assets with superior environmental benefits.

For the reasons stated above, R&I has judged that the policy for management of proceeds under the framework is in conformity to Green Bond Principles 2018 and Green Bond Guidelines 2017 by Ministry of the Environment of Japan.

< Evaluation on the Green Bond >

R&I confirmed that the proceeds will be managed based on the framework established by the issuer.

R&I has judged that the proceeds management framework of the green bond is excellent.

Tracking of proceeds:

- Green 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:

- | | |
|--|---|
| <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 checked="" 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):

< Evaluation on the Green Bond Framework >

Reporting on the green bond will be disclosed on Tokyo Century's website once a year. It consists of proceeds allocation status reporting and impact reporting on the entire power plants of KTS and is deemed adequate.

For the reasons stated above, R&I has judged that reporting under the framework is in conformity to Green Bond Principles 2018 and Green Bond Guidelines 2017 by Ministry of the Environment of Japan.

< Evaluation on the Green Bond >

R&I confirmed that reporting will be implemented in accordance with the framework stipulated by the issuer.

R&I has judged that the policy for reporting on the green bond is excellent in content and frequency.

Use of proceeds reporting:

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

Information reported:

- | | |
|---|--|
| <input checked="" type="checkbox"/> Allocated amounts | <input type="checkbox"/> Green Bond financed share of total investment |
| <input type="checkbox"/> Other (please specify): | |

Frequency:

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

Impact reporting:

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

Frequency:

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

Information reported (expected or ex-post):

- | | |
|---|---|
| <input checked="" type="checkbox"/> GHG Emissions / Savings | <input type="checkbox"/> Energy Savings |
| <input type="checkbox"/> Decrease in water use | <input type="checkbox"/> Other ESG indicators (please specify): annual total output of the entire power plants of KTS |

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 (please specify): Issuer's website |
| <input type="checkbox"/> Reporting reviewed (if yes, please specify which parts of the 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.)

The methodology for R&I Green Bond Assessment
https://www.r-i.co.jp/en/rating/products/green_bond/methodology.html

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 type="checkbox"/> Scoring/Rating |
| <input type="checkbox"/> Other (please specify): | |

Review provider(s):

Date of publication:

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.