

Solving environmental issues to realize a sustainable society and growth for the Group



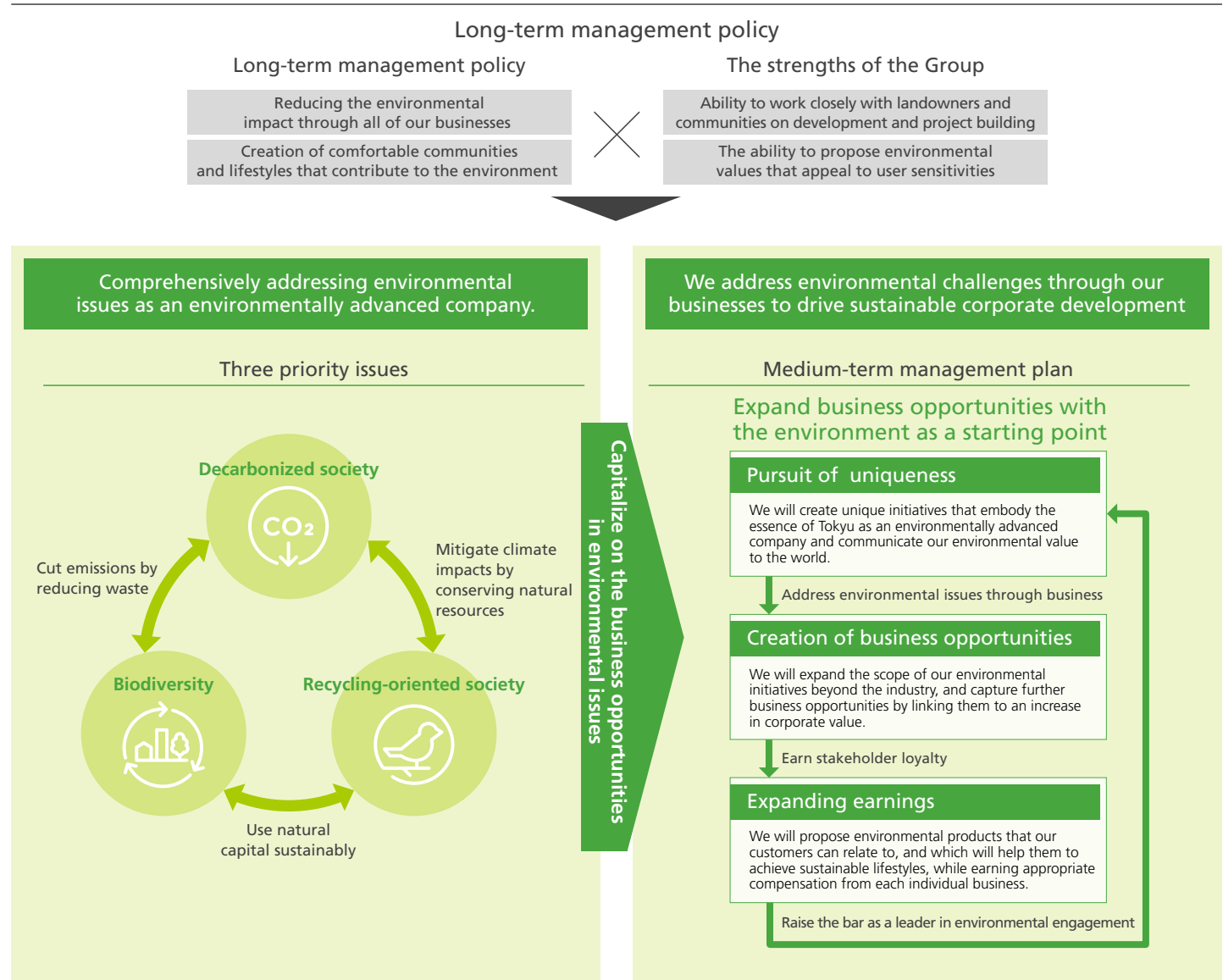
The Group’s policy on environmental management is to address three priority issues related to the environment, namely decarbonized society, recycling-based society, and biodiversity. We plan to leverage our entire value chain to create environmental value together with stakeholders.

The goal of our environmental management efforts is to expand business opportunities with the environment as a starting point in order to create earnings throughout the value chain. First, we will work to build a distinctive environmental brand. We will use our advanced initiatives, including our achievement of the RE100 target and adoption of internal carbon pricing, and environmental flagship projects to build the Group’s environmental branding power. We aim to establish a presence as an environmentally advanced company that consumers will want to choose.

In this way, we will use the environment as a hook for increasing participation in joint ventures, strengthen relationships with other companies and governmental organizations, create collaborative projects, and advance other initiatives that can expand our opportunities. This will lead to businesses that have a considerable social impact by solving environmental issues and proposing new lifestyles.

Based on this, we will aim to secure returns from environmental investment and initiatives. In addition to providing customers with facilities and services that offer unique added environmental value through our value chain, we will also develop businesses that provide solutions which leverage the Group’s strengths, such as our renewable energy business and City OS, by collaborating with private and public sector partners on regional networks and regional vitalization.

Our environmental management growth scenarios, which are 1) pursuit of uniqueness, 2) creation of business opportunities, and 3) expanding earnings, will lead to a strong Group business model which competitors will not be able to imitate.



Evolving initiatives in response to continuously changing environmental issues

We monitor the rapidly changing social environment while growing business opportunities that use the environment as a starting point. We aim to leverage our strength of realizing businesses that solve environmental issues to become an environmentally advanced company that creates sustainable lifestyles and community development.

Fiscal 2023 results

Pursuit of uniqueness

- Contribution to the creation of a decarbonized society through the Renewable Energy Business → p. 42
- Promoting the use of renewable energy for urban development / community planning, including achievement of the RE100 target → p. 67
- Creating **flagship development properties** that embody the essence of being “environmentally advanced” → p. 50

Action Policy

Social environment

There are more specific demands for efforts such as strengthening the foundation of environmental initiatives, stories for increasing corporate value, and methods for differentiation from other companies.

- ↳ Create environmental value by identifying the strengths and weaknesses of each business in priority issues and leveraging strengths
- Promote environmental responsiveness in urban areas and **improve their competitiveness as environmentally advanced cities and regions**
→ Greater Shibuya area, Tokyu Resort Town Tateshina, etc.
- **Lead the way in urban development / community planning based on a next-generation energy mix** by leveraging the strengths of the renewable energy business

Aiming to be an environmental advanced company

Achieve the top regional position* in providing environmental value
Work to solve environmental and regional issues on a city-by-city basis, and implement measures to strengthen inter-city competitiveness

*Top position in a specific region or business

Creation of business opportunities

- Expansion of **business-to-business partnerships** based on the provision of environmental value
- Expanding **partnerships with companies and local government by utilizing know-how from the Renewable Energy Business** → p. 43

Social environment

Increasing needs for cross-industry collaboration to solve environmental issues.
Contribution by companies to solving local issues is a prerequisite for new business advancement.

- ↳ Achieve solutions to environmental issues by expanding the scope of advanced environmental initiatives, **covering areas of environmental consideration that cannot be covered by Tokyu alone with the help of partners**
- Strengthen collaboration with local governments, starting with contributions to the resolution of local and environmental issues
Promote symbiosis with local communities and create a superior business environment

As the importance of environmental contributions increases in business competition and urban planning, we will work to solve environmental issues from our own perspective

By basing all aspects of community planning on environmental considerations, we can attract people who want to do something together in their town

Expanding earnings

- Proposing environmentally friendly real estate to society through development of ZEB/ZEH, etc. → p. 67
- New initiatives in environmental business, including the creation of forest conservation credits
- Making environmental friendliness of buildings a **factor in selection of partners** in BtoB business

Social environment

With the exception of a few early adopters, the value of environmentally conscious products is not easily promoted to the majority, who are oriented toward cheapness and convenience.

- ↳ **Lead the appeal of environmentally friendly products** to customers. We propose sustainable lifestyles coexisting with the global environment, that people can naturally empathize with and wish to engage in themselves.

Continue to offer products with intrinsic environmental contribution value that are not inferior to those of other companies, even in the face of product competition among environmentally friendly products

Further enhancing the profitability of the renewable energy business

We view the Group's renewable energy business as an important pillar of our business that will drive future growth.

By further growing this business and realizing various environmental contributions in our existing businesses, we will enhance profitability and broaden business opportunities.

The earnings growth potential of electricity sales

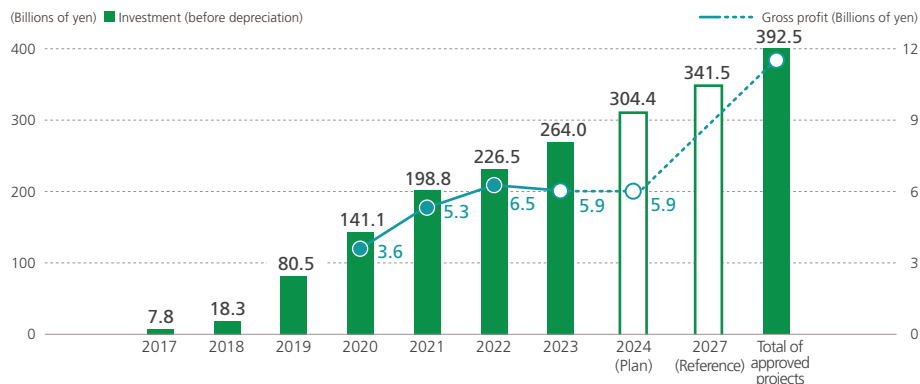
FY2023 result **¥5.9 billion** ▶ FY2025 forecast **¥10.0 billion**

Our ReENE renewable energy business operates solar, wind, and biomass power generation projects across Japan. As of March 31, 2024, the total rated capacity of all projects (after conversion to equities), including projects under development in Japan, was 1,168 MW (1.17 GW), an increase of 155 MW compared to the end of the previous fiscal year. This makes it one of the top companies in the Japanese industry in terms of generating capacity and also exceeds the 1 GW benchmark required to be recognized internationally as a leading producer of renewable energy.

In fiscal 2023, we invested a total of ¥264.0 billion on facilities under operation (before depreciation), out of a total investment of ¥392.5 billion on facilities that have already been approved (before depreciation), and we recorded ¥5.9 billion in gross profit from electricity sales. In fiscal 2024, we forecast that gross profit from electricity sales will remain level at around ¥5.9 billion, mainly due to the impact of the suspension of operations at Yonago Biomass Power Plant since September 2023, but we plan to increase investment on facilities under operation to ¥304.4 billion.

We anticipate that demand for renewable energy in Japan will grow and we have positioned the renewable energy business as one of the core growth drivers under our Group policy of environmental management. Therefore, going forward, we will aim for further growth by expanding the business into new areas, such as the growth areas of non-FIT power generation and offshore wind power.

Investment in power generation facilities (before depreciation) / gross profit from electricity sales



* Profit from electricity sales (before depreciation) for fiscal 2022: 16.7 billion yen
 Profit from electricity sales (before depreciation) for fiscal 2023: 16.1 billion yen

Main strategies for growing the renewable energy business

ReENE operates a renewable energy business that capitalizes on the track record it has built since its establishment in 2014, real estate development capabilities cultivated through community development, and expertise covering a wide range of areas including collaboration with local communities. In response to challenges such as an increase in competitors entering the Japanese market, an overheating acquisitions environment, and a decrease in FIT rates, it is developing solar, wind, and biomass power generation projects across Japan.

(1) Develop our own projects

We are leveraging the development capabilities cultivated by our real estate business to develop projects ourselves, starting with the acquisition of land interests. In addition to solar, we are also focusing on wind power generation and we will work with regional stakeholders to promote renewable energy.

(2) Develop renewable energy driven by demand (expand the PPA model)

We are using PPA* to propose new value to electricity consumers who are working to realize a decarbonized society. By advancing decarbonization through the promotion of renewable energy and strengthening disaster preparedness functions, we will realize local power generation for local consumption.

(3) Expand business areas

We are working with partner companies to expand into new business areas.

- Solar sharing (power generation equipment on agricultural land) (▶ p. 43)
- Overseas business development (▶ p. 61)
- Offshore wind business

We have established a joint venture company with Copenhagen Infrastructure Partners, the world's largest manager of dedicated green energy investment funds, and we have started the full-scale consideration of potential projects.

• Electricity sales business

ReENE Co., Ltd. provides services such as ReENE Denki, which enables the term of a contract to be set freely at a length that meets the customer's needs, and an intermediary service for non-fossil certificates.

• Storage battery business

In addition to storage batteries for power generation and storage batteries for power consumption, we have also entered into the grid-scale battery business area. This involves a direct connection to the power grid, enabling electricity procurement to be adjusted through the market.



Storage batteries at Suzuran Kushiro cho Solar power plant

*An initialism for power purchase agreement. A method of supplying electricity directly using private lines rather than those used for general transmission, based on an agreement between the power generation facility and the facility consuming the electricity.

Creating business opportunities through the renewable energy business

At the Group’s various businesses, we are advancing initiatives based on the characteristics and connection of each business. We are working with partners who share our values regarding a sustainable future to create business opportunities, with the aim of becoming a Group that will continue to be the first choice of all stakeholders.

Pursuit of uniqueness Strengthen our presence as an environmentally advanced company through unique initiatives that utilize our renewable energy business.

Expanding earnings Collaborate with companies and governmental organizations to solve regional environmental issues through renewable energy business.

Tokyu Land Corporation becomes the first business company in Japan to achieve its RE100 target

In December 2022, Tokyu Land Corporation completed the switch to fully renewable electricity at all 204 of its facilities, including office buildings, commercial facilities, and hotels. It has undergone an evaluation by CDP, the organization that administers RE100, and in April 2024, it was officially recognized as the first business company in Japan to have achieved its target.



ReENE Solar Farm Higashi-Matsuyama

We are installing solar power generation equipment on agricultural land to realize renewable energy projects that co-exist with agriculture. We also hold seasonal events such as rice planting and harvesting. Initiatives currently underway include testing to verify the optimal volume of electricity generation and agricultural trials based on the gathering and analysis of crop data.



An event at ReENE Solar Farm Higashi-Matsuyama

ReENE ÉCOLE Environmental Education Program

We are providing an environmental education program in which children all over Japan, particularly in regions where we have power generation facilities, can enjoy learning about environmental issues, including renewable energy.



An observation tour of ReENE's Namegata Solar Power Plant

TENOHA—A community co-creation project

We operate TENOHA facilities at business sites all over Japan as projects to facilitate community co-creation that can solve regional issues and rejuvenate the local area by either using existing buildings as local assets and resources or through environmentally conscious construction. (➔ see p. 52)

Promoting renewable energy through onsite and offsite PPA with local governments across Japan

We are using the Group’s comprehensive strength to offer new value by proposing ways to use renewable energy to local governments and other organizations aiming to advance decarbonization.

- Tokyu Land Corporation has concluded an agreement pertaining to collaboration over sustainable community development using renewable energy with Ishikari City, Hokkaido, which is a pioneering region in terms of decarbonization. The agreement is focused on continuous community development toward the realization of a zero-carbon city. As the first project under the agreement, a joint onsite PPA project was launched in April 2024, using Japanese governmental subsidies for regional transition to decarbonization and renewable energy promotion.

- We have been selected as the implementing operator for projects to install solar power generation equipment through PPAs covering 53 elementary, junior high, high, and special needs schools in the City of Yokohama and 74 elementary and junior high schools in Sagami-hara City. Solar power generation equipment is installed on the rooftops of the school buildings and in the Yokohama project, the electricity generated on days when the schools are closed will be used by Northport Mall, a commercial facility managed and operated by Tokyu Land SC Management Corporation.



Signing the agreement with Sagami-hara City

- Tokyu Community, the Group’s comprehensive real estate management company, and ReENE, its electricity sales business, are leveraging their respective strengths to actively propose ways of using renewable energy to the designated operators of public facilities. Agreements have been concluded with three facilities in Bunkyo-ku to supply electricity under net-zero renewable energy plans, contributing to both decarbonization and the reduction of electricity costs.

Start of the operation of a local microgrid in Matsumae Town, Hokkaido

We are building a system in Matsumae Town that, in times of emergency, can supply the town hall, evacuation centers, and some regular households with renewable energy generated at the ReENE Matsumae Wind Power Plant. This ensures a stable supply of electricity and contributes to strengthening regional resilience.

A data center business that uses 100% renewable energy

In Ishikari City, Hokkaido, where the accumulation of data centers is accelerating, we are exploring the feasibility of a business focused on data centers that use 100% locally-produced renewable energy. Going forward, we will grow this business in a way that addresses social issues related to both energy and DX promotion and contributes to regional revitalization.

Creation of business opportunities Becoming a Group that will continue to be the first choice of all stakeholders

We will become a Group that is the first choice of stakeholders by leveraging strengths in areas such as renewable energy and urban operating systems to develop businesses that provide solutions in a wide range of business areas.