

Green Lease Guide

Win-win initiatives promoting energy saving
and environmental considerations for building owners and tenants



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section I What is a Green Lease?



1 Introducing a Green Lease which Realizes Win-Win Relationships

Are you aware of green leases? A green lease is where building owners¹ and tenants collaborate to reach voluntary agreements with regards to energy saving and other environmental burdens of real estate as well as improvements of indoor environments through contracts, memorandums of understanding (MOU) and such and implement the contents of these agreements. Win-win relationships are established through these efforts as both building owners and tenants benefit from the effects such as the reduction of utility costs.

When the operation of buildings are improved or when equipment with high environmental performance such as LED lighting is introduced based on a green lease, **maintenance costs are reduced** for building owners. On the other hand, tenants benefit from the effects such as the **reduction of utility costs.**

Furthermore, illumination and temperature settings appropriate for individuals through the introduction of lighting and HVAC(heating, ventilation and air-conditioning) equipment that enable fine adjustments can **improve indoor environments** and contribute to **greater health and comfort for office workers**, and it is hoped that eventually this will **help increase real estate values** alongside the aforementioned decrease of costs.

Furthermore, green leases will **contribute to the decrease of energy consumption and CO2 emissions** as stipulated by the revised Act on the Rational Use of Energy², Tokyo Metropolitan Government's Improve the Urban Environment and Protect the Health of Citizens Ordinance³ and other laws and regulations. Additionally, green leases are expected to **enhance the image of companies as being environmentally conscious** and will stimulate dialogues between building owners and tenants as well as help **establish and deepen their relationships.**



notes

1. "Building owner" is used to refer to the owner as well as the master lessee. Note that there are cases where the property manager or real estate investment manager is the subject of the real estate lease agreement.
2. A law concerning the rationalization of energy use and such.
3. An ordinance concerning environments that secure the health and safety of residents of Tokyo.

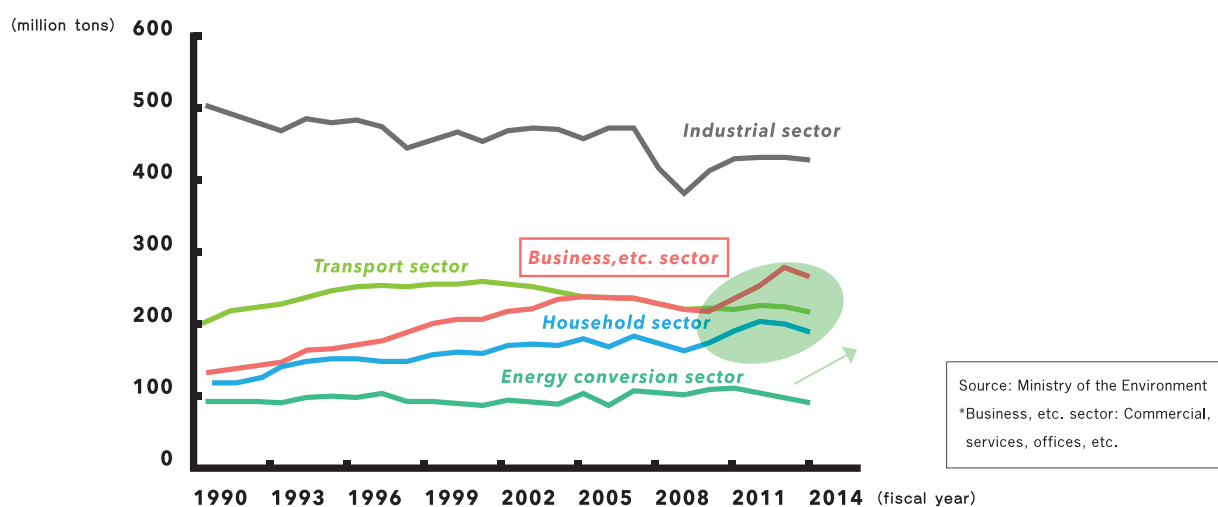
2 Green Buildings that need attention

With the adoption of the Paris Agreement in December 2015 in which all major greenhouse gas-emitting countries participated, a target of controlling global warming at 2 degrees C from pre-industrial levels was incorporated as a universal long-term goal and all countries agreed to submit and update their reduction targets every five years. As such, a global reduction of greenhouse gas emissions is required across the globe. In the case of Japan, since close to 40% of the CO₂, a cause of global warming, is being emitted from the “business, etc. sector” which includes offices and from the “household sector,” and as these emissions have been increasing in recent years, a reduction of such has been an urgent topic. Japan’s greenhouse gas emissions reduction target for fiscal 2030 was set at a 26% reduction from the level in fiscal 2013 (25.4% reduction from fiscal 2005). Residences, offices, etc. will have to reduce greenhouse gas emissions by close to 40% in order to achieve this target. Furthermore, as the Act on Improvement of Energy Consumption Performance of Buildings was established in 2015, new large-scale structures are now obligated to adopt energy-saving standards and there is an obligation to make an effort to indicate energy-saving capabilities when selling or leasing. Green Buildings with high environmental performance⁴ and with excellent management need attention now. This demand for Green Buildings applies not only to new buildings but to existing buildings as well.

Green Buildings initiatives are not just about owners of buildings introducing equipment with high environmental performance. It is also about sharing information such as regarding energy consumption with their tenants as they manage their buildings and the establishment of collaborative systems joining owners and tenants aimed at further reduction of energy consumption.

We are living affluent lives as we make use of buildings as habitats and as indoor environments, but we can’t confidently say that the ways in which we are currently using these buildings is sufficiently considerate towards the global environment. For coming generations to inherit the environment we enjoy and our richness of life, we must promote Green Buildings that minimize the burden on the environment while providing comfort for its occupants.

[Changes in CO₂ Emissions by Sector in Japan]



notes

4. High environmental performance has two meanings, the first being that the environmental burden is reduced and the second that the environmental quality of the building itself is improved. Examples would include good thermal insulation of buildings, energy efficiency of equipment and comfortable indoor environments.

3 What Can be Expected from a Green Lease

Green leases are mainly helpful for reducing energy consumption (lighting, HVAC (heating, ventilation and air conditioning), etc.) and CO2 emissions. Other expected benefits are saving water (including hot water), reducing waste and improving the comfort of occupants (improvement of indoor environments).

Energy / CO2 (Lighting, HVAC, etc.)

- With shortened operating times of lighting and HVAC and such, reduction of energy consumption and CO2 emissions is expected.
- With change to LED lighting, introduction of high-functioning HVAC equipment, energy efficiency retrofit of coating, etc., reduction of energy consumption and CO2 emissions is expected.

Water

- Reduction of water consumption is expected by a spreading water-saving awareness.

Waste

- An improvement of the recycling rate is expected through thorough separation and collection of waste
- If usable interior and facilities can be inherited by the following tenants, waste will be significantly reduced

Comfort of occupants

- An improvement of the quality of indoor air such as through appropriate ventilation is expected as well as improvements in the thermal environment, light environment and outdoor environment including green areas.
- Control of materials containing volatile organic compounds and hazardous substances is expected such as in interior construction work.

4 Benefits of Green Lease Initiatives

A green lease brings the following benefits to building owners and tenants.

[Benefits of Green Lease Initiatives]

	<i>Building owners</i>	<i>Tenants</i>
Economic benefits	Reduction of the building's management costs as a whole <ul style="list-style-type: none"> • Reduction of maintenance costs • Increase of opportunities to introduce equipment with high environmental performance 	Reduction of utility costs
	Added value as Green Buildings <ul style="list-style-type: none"> • Advantage in retaining tenants • Improvement of NOI ^(Note 1) based on a stable occupancy rate, etc • Increased appeal for investors oriented towards ESG investment ^(Note 2) 	Improvement of productivity of employees
		Reduction of restoration costs to original state <ul style="list-style-type: none"> • Exemption of removal of equipment with high environmental performance, etc.
Social benefits	Increase of CSR ^(Note 3) <ul style="list-style-type: none"> • Promotion of the spreading of Green Buildings • Reduction of CO2 emissions • Enhancement of corporate image 	Improvement of CSR ^(Note 3) <ul style="list-style-type: none"> • Promotion of the spreading of Green Buildings • Reduction of CO2 emissions • Enhancement of corporate image
Other benefits (occupants satisfaction)	Increase of tenant satisfaction <ul style="list-style-type: none"> • Extension of occupancy period Establishment and deepening of relation between building owner and tenant	Improvement of indoor environment and increase of health and comfort of employees <ul style="list-style-type: none"> • Improvement of quality of indoor air • Improvement of thermal comfort • Optimization of indoor lighting Establishment and deepening of relation between building owner and tenant

(Note 1) NOI: Net Operating Income, (Note 2) ESG Investment: A stance of investment in which the investor looks at the aspects of environment, society and governance in the process of investment and requests the party invested in to engage in these aspects as well., (Note 3) CSR: Corporate Social Responsibility

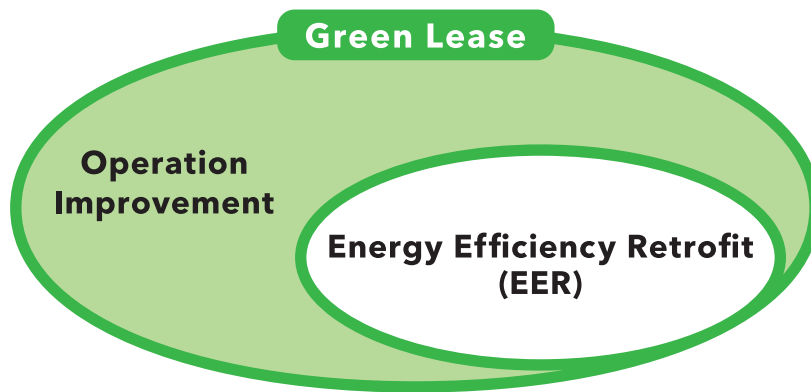
As above, a green lease has various benefits and it helps to improve the environmental performance of buildings.

Furthermore, from the standpoint of building owners, the benefits of efforts to maintain the environmental performance of buildings through a green lease is not limited to the above as such, but also may help in avoiding various risks anticipated for the future (strengthened environmental regulations, exclusion from target of investment, etc.). It seems that buildings based on old earthquake resistance standards are exempted from targets of investments in the investment policies of most investment management companies and investors. A time may come when buildings with inferior environmental performance or with management that does not consider the environment are no longer targets of investment just like buildings with old earthquake resistance standards. Similarly, potential tenants that are very environmentally aware are more likely to select Green Buildings when they are looking for a place to settle.

From a long-term perspective, a green lease is expected to help in avoiding these risks as well.

5 “Operational Improvement” and “Energy Efficiency Retrofit (EER)” in a Green Lease

There are two initiatives when it comes to a green lease. The first is collaboration between building owner and tenant on energy saving, environmental considerations and restoration of tenanted space to original state (a green lease for operational improvement). The second is where the tenant returns benefits to the building owner if the benefits of investment for energy-saving retrofit implemented by the building owner are attributed to the tenant (a green lease with energy efficiency retrofit).



The initiatives of “a green lease for operational improvement” and “a green lease with energy efficiency retrofit” come together so that they are effective. A green lease begins by building owners and tenants collaborating to promote a greener “operation” of real estate. According to needs, the two parties will collaborate to consider “energy efficiency retrofit.” The goal of a green lease is for both building owner and tenant to benefit from reduction of utility costs, improvement of CSR and such while reducing the environmental burden of real estate such as through energy conservation.

There has been no standardized format for green lease agreements. These are created according to the status of leasing by each building owner and tenant.

A Green Lease for Operational Improvement

A “green lease for operational improvement” refers to an initiative of collaboration between building owner and tenant on energy saving, environmental considerations and restoration of the tenanted space to original state. This green lease clarifies the collaborative efforts such as the sharing of information aimed at improving environmental performance.

Major Items (Examples)

- Owner-tenant engagement (aimed at improving environmental performance and indoor environments)
- Sharing of information such as on energy consumption using utility bills, BEMS⁵, etc.
- Setting of targets such as for reduction of energy and CO2 emissions
- Acquisition of environmental certifications (green building certification, labeling for energy saving, etc.)
- Holding of committees participated by building owners, tenants, etc.
- Consideration of comfort for office workers and other occupants
- Exemption of the obligation to restore tenanted space to original state if tenants implemented energy-saving retrofits. etc.

Buildings will not perform as designed if they are not appropriately managed and operated. If equipment with high environmental performance is introduced, optimal use by the tenants is needed in order to draw out the capabilities of the building and obtain sufficient results. A green lease for operational improvement promotes appropriate use by tenants while creating dialogue between building owners and tenants, helping to establish and deepen their relationships.

By furthering information sharing and the establishment of relationships between building owners and tenants through a green lease for operational improvement, it is believed that matters realized through the implementation of a green lease with energy efficiency retrofit can be addressed collaboratively, such as the calculation of the expected reduction of utility costs and the measurement of effects following energy efficiency retrofit.



notes

5. BEMS (Building Energy Management System): An energy management system whose functions include measuring and storing information on power consumption of buildings, promoting local and remote visualization, controlling connection devices of HVACz and lighting equipment and suppressing/controlling peak demand.

A Green Lease with Energy Efficiency Retrofit (EER)

A “green lease with energy efficiency retrofit” refers to an initiative where a tenant returns monetary benefits to the building owner when the benefits of the building owner’s investment in energy-saving retrofit are attributed to the tenant.

Possible Utilizations of a Green Lease with Energy Efficiency Retrofit

- When it is deemed after sharing information on energy consumption, etc. with tenants through engaging in a green lease for operational improvement that energy efficiency retrofit of equipment is necessary from a shared perspective
- When equipment with energy-saving performance better than standard equipment is to be introduced
- When the energy-saving performance of existing equipment (lighting, HVAC, etc.) is considerably inferior to the latest equipment (though the update period for the tenant’s room’s equipment has not yet arrived) and the environmental performance of the equipment scheduled to be introduced through energy efficiency retrofit is excellent

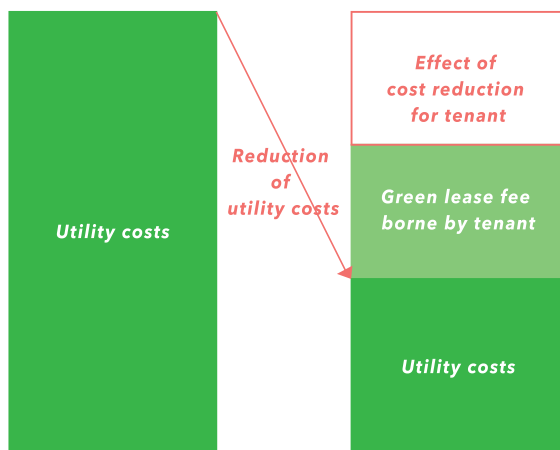
(* Excluding update of equipment based on the arrival of the normal update time)

etc.

When owners of buildings consider energy efficiency retrofit of equipment such as for the purpose of saving energy, tenants will usually be the recipients of the economic effect of energy efficiency retrofit. As such, building owners may be hesitant to introduce equipment with high environmental performance if they think that they will not have any direct economic gains (such as reduction of utility costs) from the capital investment.

A green lease redistributes economic benefits by returning part of the tenant’s reduction of utility costs that came about through a cost burden on the part of the building owner as a green lease fee. The tenant will of course still benefit from a reduction of utility costs that is greater than the green lease fee paid to the owner and so both party will have economic benefits and a win-win relationship is thus established.

[Effect of Cost Reduction for Tenant (Image)]



Before introduction of green lease

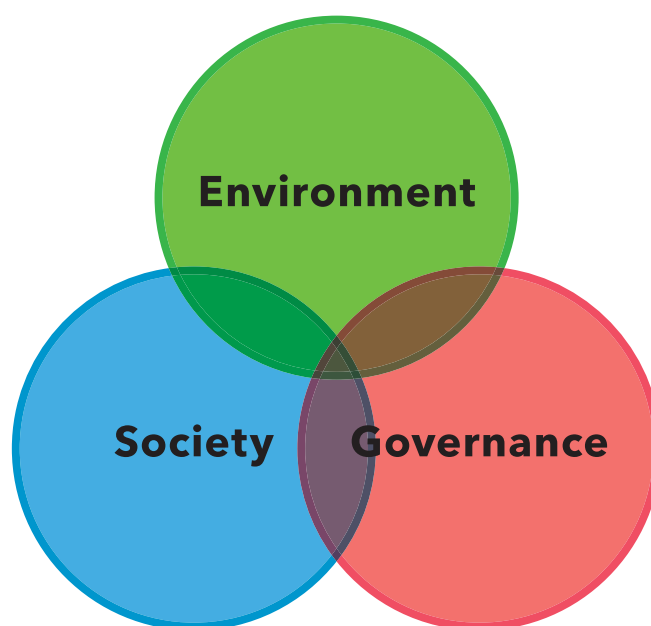
After introduction of green lease



Focus on ESG Investment in Japan

Another factor that is boosting the proliferation of Green Buildings is the strengthening trend towards ESG investments in which investors call on their investees to attend to the elements of environment, society and governance. Some think that operation that meets ESG elements will increase returns and asset value in the mid to long term. For example, Green Buildings can cut operational costs in the mid to long term as it reduces energy consumption and it can hedge against the risk of changing environmental regulations since it adapts before the changes take place. In addition, increases can be expected in occupancy rates and rents since potential tenants will prefer Green Buildings.

In February 2014 The Japanese Financial Services Agency formulated a Japanese-version stewardship code titled "Principles for Responsible Institutional Investors" which partially incorporated the ideas of ESG investment. The principles clearly state that institutional investors should understand the investee companies' governance, corporate strategy, business results capital structure and risk measures (including for risk pertaining to social and environmental problems), and 201 institutional investors and operational institutions expressed that they have accepted these principles (as of December 2015). Furthermore, Tokyo Stock Exchange, Inc. formulated the "Corporate Governance Code" which states the position of investee companies in June 2015. The code specifies that listed companies should take appropriate measures with regard to issues concerning sustainability such as social and environmental problems. Additionally, the Government Pension Investment Fund, Japan (GPIF), the world's largest pension fund, signed onto the UN's Principles of Responsible Investment (PRI) in September 2015 in order to promote ESG investment. Furthermore, 195 financial institutions and such in Japan have signed onto the Principles for Financial Action towards a Sustainable Society (21st Century Principles for Financial Action) in which financial institutions purport to consider the environment and such (as of May 2015), and symposiums are being held to promote the widespread understanding of ESG investment. As such, the tide is turning towards greater ESG considerations in society as a whole.



Green Leases Overseas (1)

We will briefly introduce the initiatives in Australia, the US, UK, Singapore and France, countries promoting advanced environmental measures in the real estate sector. Long-term lease agreements are the norm in real estate leasing overseas and simple comparisons with business practices in Japan are difficult since the building management fees and such are often subject to net lease agreements in which the tenants bear the costs, but it is hoped that these will serve as a reference.

•Australia

Leading Australian real estate company Investa has been establishing relations with its tenants through green leases since 2005. The company's basic goal in its operation of office buildings is the supply of productive and efficient work spaces. There are always clauses in its lease agreements about targets of environmental improvement and requests for collaboration as the company believes that its services should not be limited just to normal services such as HVAC checks, cleaning and elevator checks but should include improvements in comfort and environmental performance. It recently included clauses that allow building owners to collect capital investment portions from tenants within the scope of the economic benefits the tenants are receiving in order to resolve the problem of a mismatch of motives. It can be said that this is a case that began with "a green lease for operational improvement" and developed into "a green lease with energy efficiency retrofit."

Investa created the "Green Lease Guide" in 2007 together with the city of Melbourne, the city of Sydney, the New South Wales government and others in an effort to promote green leases throughout the whole industry. This led to the formation of the green lease agreement template by the Australian federal government in 2010. It became mandatory to conclude green lease agreements when Australian government institutions move into private buildings as tenants.

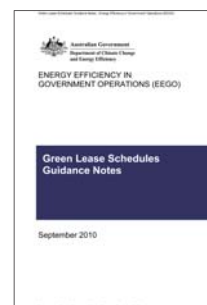
Content of Mandate

Acquisition and maintenance of environmental certification (energy-saving certification)
Establishment of building management committee
Consensus on energy management plan

These fall under "a green lease for management improvement."

Note that the template of the federal government separates "gross lease" in which building management fees and such are included in the rent and "net lease" in which building management fees and such are not included in the rent.

The Council of Australian Governments created a guide for lawyers that will be engaging in green lease agreements and released the guide in September 2012. This guide contains the definition of a green lease and introduces strategic approaches to realize green leases.



Green Leases Overseas (2)

• US

The US Department of Energy established the Green Lease Library in March 2012. This website⁶ shows a template for green lease agreements, actual cases of green leases, policies of various organizations regarding a green lease and such.

Furthermore, the website announces Green Lease Leaders once a year, awarding building owners, brokers and tenants that contributed to the promoting of green leases⁷.



• UK

The Better Building Partnership (BBP)⁸ which aims at reducing CO2 emissions from buildings was established in December 2007. Members of the BBP include Hermes, the UK's largest pension fund as well as 25 companies including leading real estate managers. The Green Lease Toolkit which was created by the BBP indicates the principles of a green lease, introduces best practices and stipulates model green lease clauses as additional clauses to

existing lease agreements, templates of green lease memorandums of understanding (MOU) to be used by building owners and tenants, etc. in an effort to promote green leases.

Through participation in the BBP, leading UK real estate investment advisor PRUPIM, in collaboration with the Office of Government Commerce (OGC), a major tenant in the UK, created a template of a memorandum of understanding (MOU) to serve as a guideline for building owners and tenants in reducing CO2 emissions through improvements of resource management. In addition to signing a memorandum of understanding (MOU) based on this template with the OGC, PRUPIM has also worked to conclude memorandums of understanding (MOU) with tenants occupying buildings which the OGC is in while expanding the target of the memorandums of understanding (MOU) to other major office buildings that PRUPIM manages. It is also deliberating whether or not it is possible to develop these memorandums of understanding (MOU) into green lease agreements⁹.



notes

6. <http://www.greenleaselibrary.com/>

7. <http://www.greenleaselibrary.com/green-lease-leaders.html>

8. <http://www.loetterbuildingspartnership.co.uk/>

9. Source: UNEP-FI "Owner-Tenant Engagement in Responsible Property Investing"

Green Leases Overseas (3)

• Singapore

In Singapore, the Building and Construction Authority (BCA) released a template for green lease clauses in June 2014. The content of the clauses primarily consists of acquisition and maintenance of green building certification, management of energy consumption, other management of building and appraisal and report by building management committees.

Furthermore, in its third Green Building Master Plan (GBMP) announced in September 2014, the BCA established the BCA Green Mark Pearl Award, a system of commendation for buildings that introduce green leases and that promote acquisition of green building certification for tenant spaces.

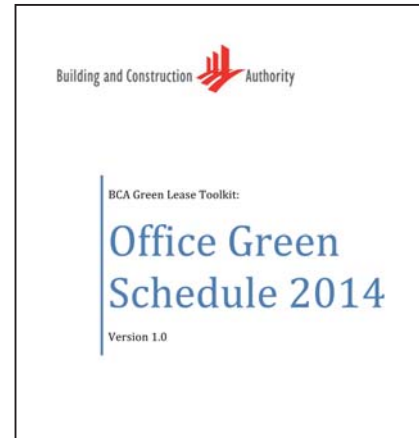
The government of Singapore has established a target of having 80% of the stock of all domestic buildings be Green Buildings by 2030.

• France

The EU raised its targets for global warming countermeasures to cut CO₂ emissions by 20% (from fiscal 1990), cut energy consumption by 20% (from fiscal 1990) and increase the renewable energy rate by 20% by 2020. Given these policies, France incorporated the numerical targets (20-20-20) into the "Grenelle Environment Act" (established 2009).

In France, based on Article 8 of the "Grenelle II Act," part of the "Grenelle Environment Act," environmental appendices were mandated in addition to the lease agreement documents for retail and office leases of more than 2,000m² concluded or renewed on and after January 1, 2012.

These environmental appendices require such things as the sharing of information between owner and tenant on the status of energy consumption. It is also specified that if owners are to implement energy efficiency retrofit work for the purpose of improving energy performance, tenants must allow entrance into their spaces.



section II Procedures of a Green Lease



1 Selection of types of Green Leases that Meets the Conditions of Buildings

The selection of types of green leases will differ depending on such factors as the building's compatibility with environmentally friendly equipment and its tenant status. The type of a green lease to be introduced can be considered by identifying four situations as shown in the table below which are classified by a building's compatibility with environmentally friendly equipment and whether or not the building has any tenants. For buildings that are compatible with environmentally friendly equipment, it may be a good option to conclude a green lease for operational improvement when contracts are being renewed if there are already tenants or when new contracts are concluded if the building is yet to have tenants. On the other hand, buildings that are not yet compatible with environmentally friendly equipment can consider a green lease with energy efficiency retrofit if they already have tenants. If such a building does not have tenants, energy efficiency retrofits paid by the building owner can be implemented and a green lease for operational improvement can be considered when a new contract is to be concluded.

Use the following table to determine which green lease initiative would be effective.

[Selection of Types of Green Leases that Meet the Conditions of Buildings]

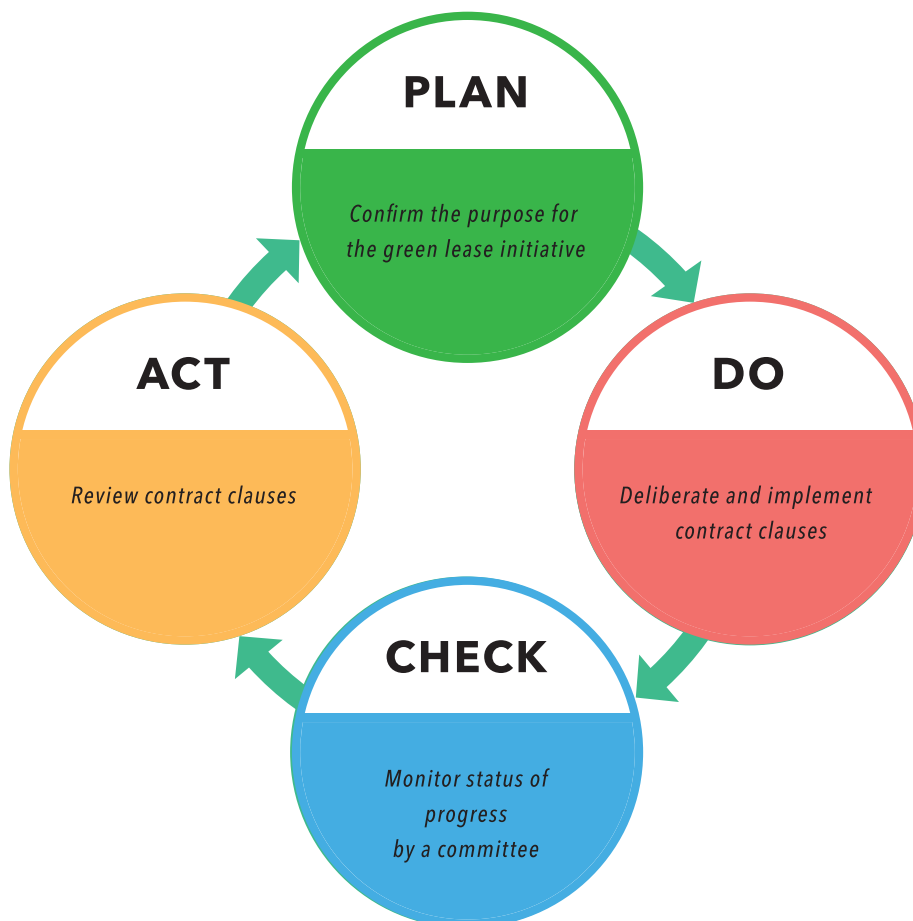
	<i>Green Building compatible with environmentally friendly equipment</i>	<i>Non-Green Building without environmentally friendly equipment</i>
Building currently with tenants	<p>A green lease for operational improvement</p> <p>For buildings with tenants that are compatible with environmentally friendly equipment, try working with a green lease for operational improvement through collaboration among building owner and tenant in order to maximize the utility of the equipment.</p>	<p>A green lease with energy efficiency retrofit</p> <p>The introduction of environmentally friendly equipment reduces energy consumption and CO2 emissions of the building as a whole while contributing to reducing utility costs of tenants and, it is expected, contributing to an increase of tenant satisfaction by improving indoor environments and comfort. Try working with a green lease with energy efficiency retrofit which optimizes distribution of economic benefits for building owner and tenant.</p>
Building currently without tenants	<p>A green lease for operational improvement (Introduction of a green lease when a new contract is concluded)</p> <p>For buildings where tenants will arrive in the future that are compatible with environmentally friendly equipment, try working with a green lease for operational improvement by adding green lease clauses to real estate lease agreements.</p>	<p>A green lease for operational improvement (Introduction of a green lease when a new contract is concluded)</p> <p>After environmentally friendly equipment are introduced paid by the building owner, in order to maximize utility of the equipment, try working with a green lease for operational improvement by adding green lease clauses to real estate lease agreements so that building owner and tenant can collaborate for improvement of operation.</p>

2 Procedures of a Green Lease for Operational Improvement

Even when the latest equipment with high environmental performance are introduced, there are situations where reduction of energy consumption and such will not be realized if the way in which they are used is not optimal. On the other hand, the skillful control of existing equipment through collaboration with tenants may help to reduce utility costs and such even if the latest equipment is not introduced.

It is therefore recommended to conclude, as part of a building owner's environmental measures, green lease agreements for operational improvement with tenants who are the occupants of buildings, and to implement environmental measures such as energy saving in collaboration with tenants.

The procedures of a green lease for operational improvement can be arranged based on the PDCA (Plan, Do, Check and Act) cycle below.



PLAN

II

Procedures of a Green Lease

Confirm the Target and Purpose for the Green Lease Initiative

The following items can be considered as targets of a green lease.

- Energy saving (lighting, HVAC, etc.)
- Reduction of CO2 emissions
- Water saving (including hot water)
- Reduction of waste
- Increase of comfort for occupants

In general, energy saving and CO2 reduction can be thought of as main targets but there may be other targets and items of deliberation for contracts depending on the building owner's purpose of working with green leases such as their desire to promote energy conservation of buildings, appropriately respond to environmental regulations, acquire environmental certifications to promote differentiation or respond to the request of tenants to improve indoor environments. For example, if energy conservation of a building is the purpose, the sharing of information on energy consumption and the establishment of targets are likely to become items of deliberation for the green lease agreement.

When working with a green lease, the concluding agreements is handled by general affairs departments and the management and operation is handled by management departments and the environment, as part of corporate strategies, is handled by corporate planning or CSR-related departments, thus initiatives may involve multiple departments. It is important to deliberate and sort out in advance which departments will do what alongside the discussions on the target of the green lease and the reasons for the initiative.

DO

Deliberate and Implement Contract Clauses

The collaboration of related parties is necessary when working with green leases. Appealing to related parties should be done at an early stage and with polite explanations, using “Benefits of Green Lease Initiatives” (page 5) as a reference. Furthermore, it is possible to include green lease clauses in lease agreements from the start when concluding lease agreements with new tenants. In such cases, it may be good to include such matters as collaborative initiatives for improving environmental performance, sharing of information such as on energy consumption and the establishment of a committee in the contract clauses.

- Collaboration on environmental considerations and improving the comfort of occupants
- Sharing of data such as on energy consumption
- Setting of targets such as for reduction of energy consumption
- Acquisition of environmental certifications
- Establishment of energy saving and environmental committees
- Exemption from obligation to restore tenanted space to original state

All of these clauses may be incorporated into the agreement or only part of the clauses may be incorporated depending on the building owner’s purpose of working with the green lease. Generally speaking, “collaboration on environmental considerations and improving the comfort of occupants” (obligation to not act in ways that adversely affect the environment) and “sharing of data such as on energy consumption” may be the clauses that can be easily worked with at first. “Setting of common targets such as for reduction of energy consumption and acquisition of environmental certification” would follow and after the “establishment of energy saving and environmental committees” is included for the monitoring of the status of progress towards the targets, it can perhaps be said to be an authentic green lease.

Sharing of energy consumption data and dialogues on energy-saving measures by energy conservation committees are already being implemented at large-scale offices in the Tokyo Metropolitan Government’s Improve the Urban Environment and Protect the Health of Citizens Ordinance. If these initiatives are incorporated into contracts as green lease clauses, then such can also be thought of as a green lease for operational improvement.

Even if initiatives that correspond to the green lease items are already being implemented, it would be wise to specify the items in lease agreements and make them formal arrangements to avoid the risk of a termination of the initiatives that may result from a replacement of the persons in charge and such.

1. Sharing Information on Energy Consumption, Etc.

There can be no mutual understanding for building owner and tenant on the operational status of buildings and the capacity for improvement without sharing environment-related information such as on the amount of energy consumption. Sharing such information is necessary for gaining the understanding and collaboration of tenants and also for establishing an appropriate shared target.

While things like receipts for utility costs will enable a simple understanding of energy consumption, initiatives for more specific visualization are desired.

There are many ways to share information with tenants such as by establishing an exclusive webpage, periodically posting the information on newsletter magazines, reporting at committee meetings with tenants or by posting the information at elevator halls. Communicate with tenants and start from where you are able.

Efforts to Visualize Energy

○Introduction of Energy Web System (Mori Building Co., Ltd.)

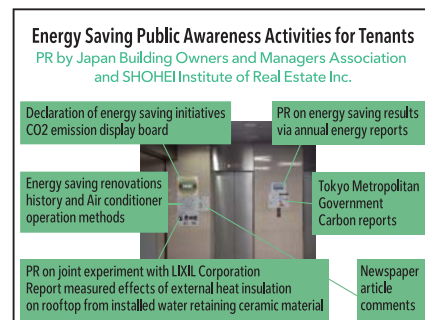
Mori Building Co., Ltd. introduced its energy visualization system (energy web system) in June 2011 given the revision of the Act on the Rational Use of Energy in 2009. They believe that visualization would help energy-saving activities on the part of the tenants and serve as part of client services that also help in collecting data needed in reporting to the government.

Tenants are able to look up energy consumption on the internet whenever they want in this system. Moreover, the information on energy consumption is able to be displayed in "CO2 emissions (t)," "converted amount of heat (GJ)" and "converted amount of crude oil (kl)." The graphs automatically display the previous years' values and so it is easy to compare figures. Furthermore, the data displayed on the screens can be downloaded in text form and so it helps prepare the reports required by the above Act or Tokyo ordinances for tenants.



○Posting Daily CO2 Emissions at the Elevator Hall (Shohei Institute of Real Estate Inc.)

Alongside its energy efficiency retrofit of equipment that incorporates various environmental technologies, the Shohei Institute of Real Estate Inc. is increasing energy-saving awareness on a building-wide basis by measuring and grasping data on energy saving, posting the previous day's CO2 emissions in the elevator hall and placing the building's guide regarding energy savings on billboards, thereby promoting visualization (sharing of information)¹⁰. Such environmental measures are implemented to increase tenant satisfaction and are a tool to establish good relationships with tenants along with the holding of seasonal events that utilize the history and features of the building.



notes

10. An initiative based on the Japan Building Owners and Managers Association's "Global Warming Countermeasures that can be Implemented by Managers of Medium- and Small-Size Buildings, Continued"









2. Establish a Shared Goal

A green lease initiative can be more effective when the building owner and tenant share a common goal. For example, when building owner and tenant set up shared goals such as for the reduction of energy consumption and water consumption, for the recycling rate or for acquisition of environmental certifications, the motivation for working with a green lease can be maintained and enhanced making the initiative more effective.

In addition, it may be good to use environmental certifications and such as a standard to objectively measure how much environmental performance has been improved/maintained as a result of working with a green lease. In normal environmental certifications which assess the building as a whole, the building owner will likely ask the tenants for collaboration. However, with environmental certifications that assess tenants' exclusive areas, tenants may ask the building owner for collaboration.

With a green lease with energy efficiency retrofit, reduction of energy consumption and CO2 emissions following the energy efficiency retrofit of equipment and such will be awarded points forward for environmental certifications. Furthermore, working with a green lease for operational improvement will award points or fulfill requirements in the following environmental certifications.

[Relation between Green Leases and their Points Awarded to Environmental Certification (Examples)]

	Environmental certification	Points awarded
General indices	 CASBEE [®] <i>CASBEE -Market Promotion</i>	In particular, 1 point is awarded if the building owner is working together with residents and tenants to reduce operating energy. ("Energy / greenhouse gasses" "Establishment of management and operations system")
	 DBJ Green Building Certification	Points will be awarded in the category of "Partnership" with "Initiatives among owner and tenants through collaboration or IR (energy-saving collaboration with tenants), etc."
	 SMBC Sustainable Building Assessment Loan / Private Placement Bond	"Communication with stakeholders" is evaluated within Chapter 1 "Policy and Implementation of Sustainable Management" and in this item points will be awarded under "Establishment of system to promote energy saving with collaboration of building owner and tenants."
	 LEED	Points may be awarded under the evaluation item of "Innovative efforts."
Energy-related indices	 BELS (building energy-efficiency labeling system) Mark of certification for conformity to standards	The mark of certification for conformity to standards can be acquired if equipment are retrofitted to meet the energy-saving standards and if the building attains an even higher level of energy-saving performance a high rating can be obtained on BELS.
	 Tokyo Metropolitan Government's Certification for Excellent Offices with Specific Global Warming Countermeasures (Top-Level Offices)	Points will be awarded to the evaluation item "Establishment and holding of CO2 reduction promotion committee, etc." under "I: General Administrative Matters" if a committee is established with tenants for the purpose of reducing CO2 and meetings are held at least twice a year.
	 Tokyo Metropolitan Government's Certification for Medium- and Small-Sized Model Low-Carbon Buildings	Points will be awarded under the evaluation item of "Collaborative relations with tenants, etc."
Company evaluation indices	 GRESB	In the field of "Establishing Relationships with Stakeholders" there are evaluation items of "Collaborative programs with tenants (sharing of data, establishment of committees, etc.)" and "Green lease clauses" (as well as items on shared goals, etc.) and points will be awarded in these items.

CHECK

Monitor Status of Progress by a Committee

In this stage, the building owner and tenant establish a committee on environmental performance and periodically discuss the status of reduction of energy consumption, water use and waste as well as the challenges in each initiative. It is desirable that the committee is participated not only by representatives of the building owner and the tenants but also by building management representatives and building management technicians and such.

The council checks to see whether information on the building's performance is being shared appropriately, whether the building's management is in line with the shared goals and whether the comfort of indoor environments is being secured.

Energy-Saving Initiatives of Tenant Buildings where Building Owner and Tenant Work as One

○Holding of Tenant Council Meetings (Kokuryudo Co., Ltd.)

At Kokuryu Shiba-Koen Building owned and managed by Kokuryudo Co., Ltd., energy consumption has been reduced annually by about 35% (converted from CO2 emissions) by 2011, through efforts where building owner and tenants work as one, compared to 1994 before the efforts were implemented.

The same building launched a global warming countermeasure committee in which all tenants share information with the theme of energy saving once a year using the energy efficiency retrofit of HVAC and lighting equipment, etc. from aging as an opportunity to promote tenants' ongoing energy-saving activities. Tenants active in energy conservation introduce their own initiatives at the committee. By promoting the exchange of information among tenants and such, energy consumption was reduced by 12% through improvement of equipment and by 23% through improvement of operation with the collaboration of tenants. The fruits of the reduced expenses are returned to both tenants and building manager through discounts in utility costs of tenants and additions to management fees for the building manager.

Having generated results in a tenant building for which it is generally said to be difficult to implement energy saving and having the initiative recognized as an ongoing effort together with the tenants, Kokuryu's building has been commended as an "excellent office with a global warming countermeasure" by the Tokyo Metropolitan Government and the company has been awarded the Director-General, Kanto Bureau of Economy, Trade and Industry Award by the Ministry of Economy, Trade and Industry as exhibiting an exceptional case of energy saving.



ACT

Review Contract Clauses

In order to achieve the goals brought forth with green leases it is necessary to be flexible to some extent with regard to the content of green lease agreements. Green lease clauses that are to be actually concluded may include cases in which updates and revisions of the goals themselves during the period of the real estate lease agreement are acknowledged. It is necessary for both building owner and tenant to repeatedly review the content of the initiative to make improvements.

3 Procedures of Green Lease with Energy Efficiency Retrofit (EER)

A green lease with energy efficiency retrofit can be utilized in cases such as in the following.

- When it is deemed after sharing information on energy consumption, etc. with tenants through engaging in a green lease for operational improvement that energy efficiency retrofit of equipment is necessary from a shared perspective
- When equipment with energy-saving performance better than standard equipment is to be introduced
- When the energy-saving performance of existing equipment (lighting, HVAC, etc.) is considerably inferior to the latest equipment and (though the update period for the tenant's room's equipment has not yet arrived) the environmental performance of the equipment scheduled to be introduced through energy efficiency retrofit is excellent

(* Excluding update of equipment based on the arrival of the normal update time)

For example, if conventional fluorescent lights are used for the lighting equipment in the tenant's room, a significant reduction of power costs can be anticipated with energy efficiency retrofit to LED lighting. However, there may be cases such as where the lighting equipment is not updated due to the service life of the equipment having not yet expired.

A green lease with energy efficiency retrofit can also be arranged based on the PDCA (Plan, Do, Check and Act) cycle.



PLAN

II

Select Project and Simulate Reduction Effects

After choosing a project that fits one of the items of page 21, you may simulate the effects of energy consumption reduction due to energy efficiency retrofit and the payback period for the building owner according to tenants' share ratio.

In the case of energy efficiency retrofit of lighting, the range of reduction of annual power consumption after the energy efficiency retrofit can be calculated relatively easily if power consumption per unit (W), number of units and annual lighting time are understood. Simple calculations are not possible for energy efficiency retrofit of HVAC since the weather fluctuates year to year but primary energy consumption before and after energy efficiency retrofit can be compared by utilizing programs in line with energy consumption standards and such. It is necessary to simulate as described the profits beforehand in relation to the amount of reduction of utility costs and the ratio of burden for building owner and tenant.

Even after the introduction, multiple checks and verifications are needed such as giving tenants feedback from the results of reduction in "CHECK" and implementing verifications for management improvement in "ACT."

Once the reduction of annual energy consumption through energy efficiency retrofit is understood, simulation of the number of years for payback period can be easily done with the following formula.

$$\begin{array}{l}
 \text{Reduction of annual energy consumption (kWh)} \times \text{Energy unit price (yen)} = \text{Annual energy-saving amount (yen)} \\
 \\
 \frac{\text{Initial investment (yen)} \times (1 - \text{Split ratio of cost for tenant (\%)})}{\text{Annual energy conservation amount (yen)}} = \text{Payback period (years)}
 \end{array}$$

As described, the payback period for the building owner according to the split ratio of cost for the tenant can be simulated.

DO

Deliberate and Implement Contract Clauses

Secondly, the process of concluding an agreement is entered into by discussing green lease fees as well as the method and period of their establishment with tenants based on the results of the simulation.

Several methods of establishing green lease fees are indicated below. Whichever method may be used, the level of green lease fees should be set so that tenants will benefit even if the effects of energy saving underperform the initial forecast.

[Methods of Establishing Green Lease Fees]

1. Flat-rate method	Method using a flat rate (ex: XX yen per m ² per month)
2. Reduction peg method	Method using actual power use before energy efficiency retrofit as the basis and having fees as a set ratio of the amount of power reduced after energy efficiency retrofit ¹¹ (ex: X% equivalent of electricity charges reduced through energy-saving renovation)
3. Measured rate method	Method with fees based on actual power usage (ex: XX yen per 1kWh)

[Advantages and Disadvantages Anticipated for Each Method]

	<i>Advantages</i>	<i>Disadvantages</i>	<i>Applicable cases (image)</i>
1	<ul style="list-style-type: none"> Paperwork is easy as green lease fee can be confirmed beforehand 	<ul style="list-style-type: none"> Uncertainty in amount of electricity charges reduced and the loss/gain Need to indicate basis of calculation for green lease fee 	Thought to be applicable to all cases
2	<ul style="list-style-type: none"> Gain from reduction of electricity charges and easy to convince tenants for payment of green lease fees 	<ul style="list-style-type: none"> Complicated work may be required for ex-post performance evaluation 	District heating and cooling, central HVAC, etc. *Not applicable for new tenants
3	<ul style="list-style-type: none"> Calculation of green lease fee is simple Tenants' effort for energy saving can be clearly reflected 	<ul style="list-style-type: none"> Uncertainty in amount of electricity charges reduced and the loss/gain Need to indicate basis of calculation for green lease fee 	Multiple HVAC for illumination buildings, etc. *Applicable for new tenants

If update of facilities are being considered, the appropriate period for green lease fees are around five to 10 years (period in which the equipment is thought to possess superiority in the market) when the possibility of obsolescence of the equipment's environmental performance with the passage of time is taken into account.

A contract will be concluded after an agreement is reached for the method and period of establishment for the green lease fees (for details, see Section IV Templates of Green Lease Clauses¹¹). Following the conclusion of the contract, energy efficiency retrofit work is implemented in the same manner as a normal renovation of equipment and, after the retrofit, the payment of green lease fees as previously agreed is begun.

notes

11. There are several approaches in the establishment of the calculation standard under this method. Examples include the method in which the green lease fee is calculated from the difference in this year's and the previous year's results and the method in which the previous electricity charges before energy efficiency retrofit are calculated back based on the current year's results and the green lease fee is sought based on the difference.

CHECK

II

Procedures of a Green Lease

Feed back of Actual Reductions for Tenants

It is important that the building owner not only receive green lease fees from tenants as determined in the contract but also verify whether or not the performance as initially forecast is being secured such as through the changes in reduction of energy consumption and CO2 emissions, and periodically report to tenants (see page 36 for a report template). If verifications show that results in line with the anticipated performance are not being generated, it is necessary to find the cause and even review the content of the agreement as needed.

ACT

Continue Operational Improvement

Energy-saving effects as initially anticipated are likely to be obtained in general if equipment is retrofitted upon implementing thorough simulations. However, it is also important to continue improving operation in order to further enhance the effects of introducing the latest equipment. By continuing “a green lease for operational improvement” after implementing “a green lease with energy efficiency retrofit,” the effects of the retrofit can be maximized.

section III Cases of Green Lease Initiatives



Case of Green Lease for Operational Improvement (Company A)

Renovation-related terms were added to green lease agreements from December 2014 and all new tenants that the company contracted after that month have concluded agreements with the added green lease terms.

1. History of the Initiative

- When Company A were retrofitting respective HVACs in 2012, a representative from Company A's operational department requested the creation and addition of clauses regarding green leases since there were no clauses regarding environmental retrofits in the lease agreements. This is what triggered the company to consider a green lease.
- Company A then created a template of green lease clauses using the materials of the Green Building Promotion Committee 2013 as reference.
 - *There are still no cases where improvements were implemented according to these clauses and where green lease fees have been generated.

2. Noted Matters

- In the revised contracts, clauses on "environmental considerations, investment in energy-saving retrofits, etc." were established. The contents on a green lease for operational improvement were put in Article 1 and those on a green lease with energy efficiency retrofit in Article 2, respectively.

Overview of Green Lease Clauses

- Sharing of ideas for maintenance and improvement of the property's comfort and productivity from the perspective of energy saving, environmental considerations, etc.
- Obligation to make an effort with regards to sharing of data, acquisition of environmental certifications, etc., the establishment of goals and such.
- Cooperative response to global warming countermeasures and other environmental measures
- Revisions of materials based on improving performance attributable to investment for energy efficiency retrofit of equipment by the building owner

The following points were noted in the preparation of these green lease clauses.

- (1) The building owner generally prefers the discussions to take place before construction while tenants prefer after construction (after confirmation of the effects of energy efficiency retrofit). Under these terms, either can be chosen assuming an agreement has been reached with the tenant.
- (2) Green lease fees are scheduled to be included into either rent, common service fees or other fees and so revisions shall be implemented upon discussions between the building owner and the tenant.

Case of a Green Lease with Energy Efficiency Retrofit

(Shohei Institute of Real Estate Inc.)

In September 2011, Shohei Institute of Real Estate retrofitted lighting of tenants' exclusive areas in Segawa Building to LED lighting through the building owner's initial investment and a green lease agreement was concluded in which tenants return part of the benefits of the energy efficiency retrofit to the owner as an energy-saving measure fee.

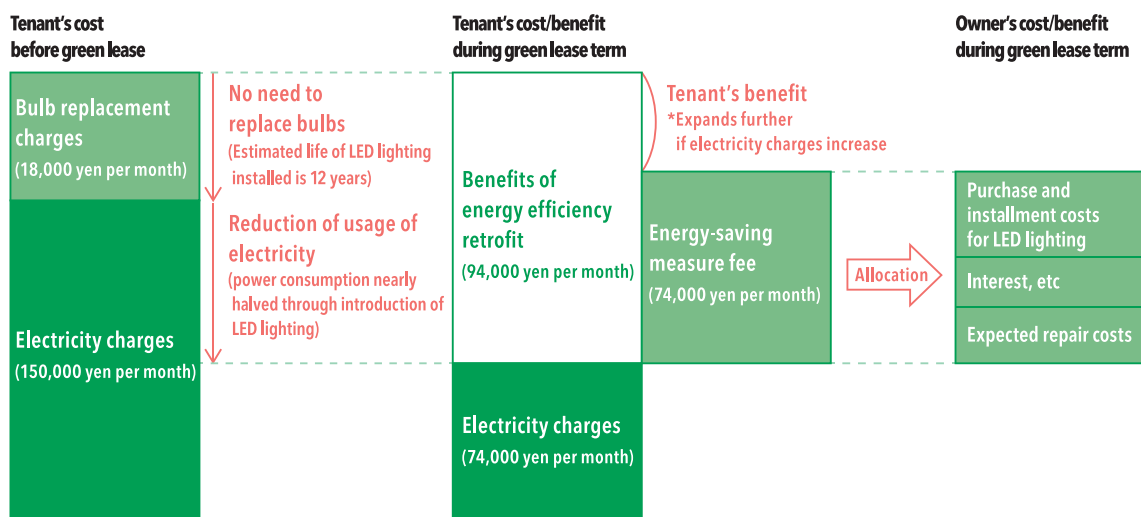
1. History of the Initiative

- The shop on the first floor of Segawa Building (Chiyoda Ward), a key tenant of the building, was a designated special business operator under the Act on the Rational Use of Energy and one of its challenges was reduction of CO2 emissions. Furthermore, with the announcement of the civil power consumption restriction ordinance following the Great East Japan Earthquake in March 2011, it became a major challenge for both building owners and tenants to reduce power consumption.
- Given these conditions, the building owner suggested retrofitting the approx. 200 straight tube fluorescent lamps (tenant's assets) in the exclusive area to straight tube LED lighting using a scheme in which the building owner and tenant collaborate, and the tenant agreed to this.

2. Overview of the Initiative

- (1) The building owner took on the initial investment (purchase and installment costs for LED lighting), repair costs that arose spontaneously after the warranty period (one year) in the agreement period and the interest on the initial investment.
- (2) The tenant paid part of the electricity charges eliminated through LED retrofits as an "energy-saving measure fee" to the building owner and the building owner recovered the investment costs through this.
- (3) After the passage of the agreement period, the ownership rights of the lighting equipment were transferred from the building owner to the tenant. All benefits of reduced electricity charges and bulb replacement charges after this have been attributable to the tenant.

- In this contract, it is anticipated that the effects of the reduction of electricity charges and bulb replacement charges will exceed the "energy-saving measure fee" determined at the beginning so that the tenant can also benefit from the energy efficiency retrofit. The "energy-saving measure fee" was set to a level that allows the building owner to recover its investment and so an energy-saving retrofit where both the tenant and building owner can benefit was realized.



Case of Green Lease with Energy Efficiency Retrofit

(Daiwa Office Investment Corporation)

With LED energy efficiency retrofit based on a green lease, tenants gained such as through reduction of utility costs and the owner's investment burden was reduced, leading to an increase of the property value.

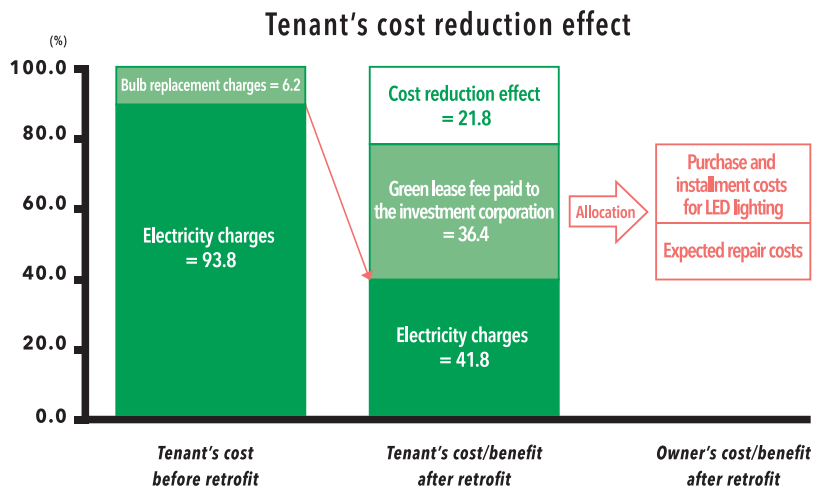
1. Overview of the Initiative

- A green lease agreement was concluded at Shinjuku Maynds Tower as part of measures for the environment and for increasing tenant satisfaction, and with this the lighting in the tenant's exclusive area was changed to LED lighting. As a result, the tenant's electricity charges were reduced by more than half of that before the implementation of the work and the building owner reduced its investment burden through the reception of green lease fees.
- A three-month performance test was implemented before the introduction of the green lease agreement. The level of reduction of utility costs was grasped and considerations were made so that the tenant's burden would not be in excess.

2. Benefits for Building Owner and Tenant through the Green Lease Agreement

- The benefits of the green lease agreement as thought by the investment corporation is as follows.

[Shinjuku Maynds Tower]



Benefits for the tenant

- Reduction of utility and maintenance costs
- Improvement of the indoor environment
- Company's contribution with social responsibility (CSR)
- Improvement of corporate image

Benefits for the building owner

- Reduction of maintenance costs
- Increase of property value through energy-saving investment
- Reception of green lease fees

Case of Green Lease with Energy Efficiency Retrofit

(Kenedix Office Investment Corporation)

- In April 2015, Kenedix Office concluded a green lease agreement with one tenant at KDX Akihabara Building.
- Costs for conversion of exclusive room lighting to LED lighting were borne by the investment corporation and it receives half of the amount reduced from the tenant's electricity charges and maintenance costs (bulb replacement charges) in the form of green lease fees.

1. History of the Initiative

- Since the tenant had a need to replace lighting to LED and as it was a company which was very environmentally aware, a green lease agreement (change of fluorescent lamps to LED lighting) was concluded in April 2015 with a tenant occupying two floors at KDX Akihabara Building.

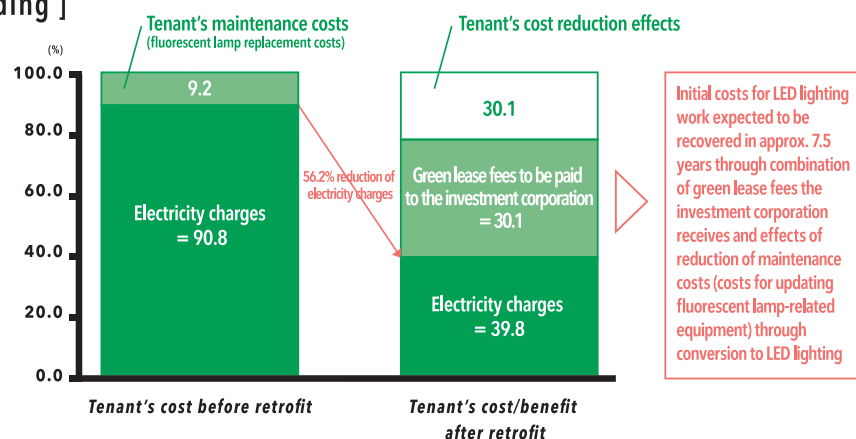
2. Overview of the Initiative

- (1) It was estimated that an approx. 56.2% reduction of electricity charges could be realized compared to before by changing lights in the exclusive rooms to LED.
- (2) The effects of decreased electricity charges of the tenant for lighting equipment and the effects of decreased fluorescent lamp replacement charges were divided into two parts among the investment corporation and the tenant so that the investment corporation received one part as green lease fees and the tenant received the other part as cost reduction effects.
- (3) The initial costs for the LED lighting work borne by the investment corporation are expected to be recovered in approx. 7.5 years through income from green lease fees and the reduction of maintenance costs (costs for updating fluorescent lamp-related equipment) through conversion to LED lighting (the service life of LED lights as generally announced by manufacturers is around 10 years).

3. Overview of Target Real Estate and Image of Tenant's Cost Reduction

Target property :	KDX Akihabara Building
Target tenant :	Tenant occupying two floors
Content of renovation work :	All lighting equipment units in the tenant's exclusive rooms were changed from fluorescent lamps to LED lighting
Cost burden :	The investment corporation took on all the initial expenses for the LED lighting conversion work The tenant took on the green lease fees to be paid to the investment corporation
Start of agreement :	June 1, 2015

[KDX Akihabara Building]



Case of Green Lease with Energy Efficiency Retrofit (Company B)

- The company proposed a green lease when HVAC equipment was to be updated at an office building it owned in the Kansai area.
- The tenants' requests were taken in as well with a plan aimed at remarkable comfort, energy-saving capabilities, etc., not only updating equipment but reviewing the whole HVAC system as well. Through the improvement of the whole HVAC system based on this proposal, energy efficiency and such improved significantly, the tenants benefited with the reduction of energy consumption of HVAC as well as with comfort and the building owner realized improvement of NOI and the establishment of better tenant relationships.

1. History of the Initiative

- With the update of the HVAC system that considered the environment and aimed at reducing CO2 emissions, the green lease was engaged by explaining to the tenants that there would be significant benefits. The tenants did not respond well in the beginning but eventually as the benefits were repeatedly explained the consent of all tenants was obtained.

2. Overview of the Initiative

- The amount of reduction of energy costs that is calculated by seeking the difference of COP (coefficient of performance) of the old HVAC equipment and the updated HVAC equipment are to be returned to both the building owner and the tenant. The value indicated on the catalogue of the equipment's manufacturer was used for COP.
- The sufficient inter-organizational collaboration of tenants was necessary for concluding the green lease agreements and it was difficult to obtain consent. Therefore, it was established within the existing lease agreements that the building owner will claim several yen per kW of energy consumption from the HVAC equipment from the tenants as a green lease fee and so the consent of all tenants was able to be obtained.
- The new HVAC equipment was selected by considering all sorts of tenant needs, taken from tenant satisfaction surveys, including controllability of individual units, improvement of wind speed distribution, enhancement of humidification functions and increase of ease of remote control operation.

3. Effects of Introduction

- As a result of updating the HVAC equipment, energy consumption of the HVAC equipment was reduced by about 30% overall, though the amount varies very much on the use of the tenants, thereby generating results that significantly outperformed the initial forecast. Moreover, good tenant relationships were established through close communication with the tenants.

Creation of the Guideline “How to Make a Win-Win Building”

(Service Real Estate Committee Office¹²⁾)

The “Service Real Estate Guideline”¹³, aimed at helping property managers provide excellent services by setting out important items and increasing customer satisfaction through operations in office buildings and tenant services, was formulated.

1. History of the Initiative

The origins of the Service Real Estate Committee lie in the belief that the value of properties can be maximized by matching the vectors of the “hardware” and “software” aspects of real estate and that, just as the soft aspect and service aspect are important elements that comprise a product in the hotel and restaurant industries, the soft aspect in real estate is an important element that can shift the value of a property. The Service Real Estate Committee started in 2012 as people with the following goals gathered together for the purpose of sharing information such as on service examples in real estate.

- Improve communication with tenants
- Establish win-win relationships between tenants and building owners
- Enhance the attraction of buildings by increasing tenant satisfaction

As part of its activities the committee collected cases of service and soft-aspect initiatives that its members were actually implementing as well as their know-how to create this guideline.

2. Noted Matters

The following five points were provided as important elements for property managers in providing good-quality services.

<i>Commitment by management</i>	Commitment by management is essential in order to provide good services on a continual basis. It is also important that management is a part of tenant relation efforts.
<i>Education on client orientation</i>	It is important to consider how to permeate client orientation for employees and major collaborators and how to create an environment in which tenant relations can be advanced with all parties in the building.
<i>Communication with clients</i>	For good building management it is important to routinely work on tenant relations to establish win-win relations with tenants.
<i>Management of claims</i>	It is key to timely and accurately catch the requests and opinions of tenants, sharing the information with related parties and fulfilling their demands.
<i>Management of customer satisfaction</i>	Not only questionnaires but various methods and opportunities should be used to measure and analyze customer satisfaction so that satisfaction can be increased through improvement.

3. Future Development

- There are now 26 companies that are members of the Service Real Estate Committee with the addition of companies that resonated with the ideas in the guideline (as of September 2015).
- The guideline is scheduled to be updated going forward with the cooperation of new members.

notes

12. A committee that has been active since 2012 at the office of Yusen Real Estate Corporation for the purpose of increasing soft power in real estate.

13. http://www.yfk.co.jp/NEWS_RELEASE_service_real_estate_guideline20150427.pdf

Eco-Tuning Business Initiative¹⁴

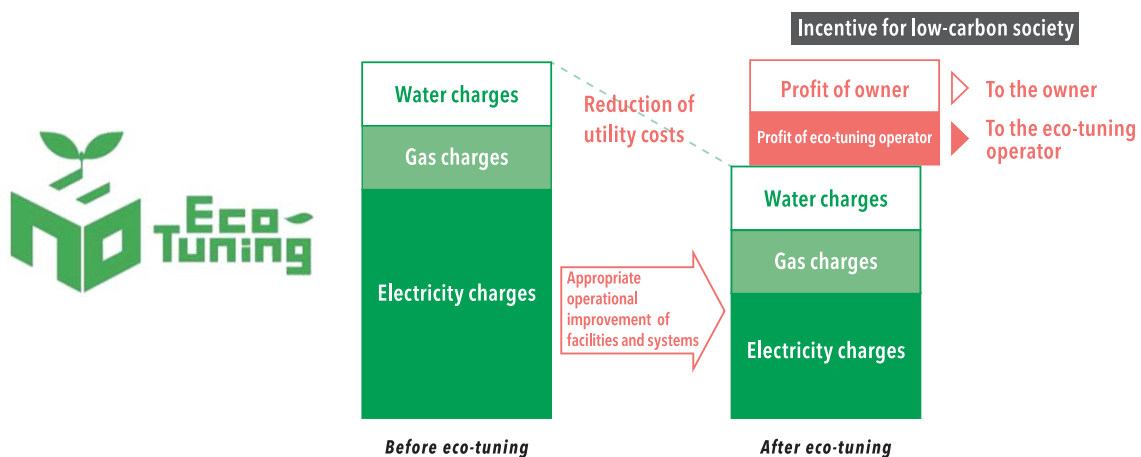
The Ministry of the Environment has been implementing its eco-tuning business model establishment project since fiscal 2014 in an aim to establish a business model that generates revenues from a reduction of utility costs through eco-tuning of buildings such as for business so that a low-carbon society can be realized. Since fiscal 2016, it is aiming to reduce greenhouse gasses by establishing certification systems for technicians and operators to promote eco-tuning businesses.

What is Eco-Tuning?

- Eco-tuning is the process of appropriate operational improvement, etc. of equipment and systems to reduce greenhouse gas emissions from buildings such as for business in order to realize low-carbon societies while securing comfort and productivity of buildings.
- Operational improvement in eco-tuning refers to the process of reducing greenhouse gas emissions and such through detailed analysis of energy use situations and by appropriately operating equipment and systems, including reduction measures that can be done with small investments.
- “Eco-tuning” is a term coined by the Ministry of the Environment (registered trademark).

A Green Lease for Operational Improvement and the Eco-Tuning Business Model

- When it comes to operational improvement of equipment and systems, there are relatively easy improvements that can be made such as adjustments of indoor temperatures and lighting while there are also improvements that require expert operation monitoring technologies and detailed responses such as adjustments of temperatures of cooling water and volume control of equipment according to load variation. Eco-tuning businesses systematize these types of expertise and so the effects of green leases for management improvement can be further enhanced by utilizing eco-tuning businesses.
- The eco-tuning business model is a new business model that realizes reduction of CO₂ and utility costs through the appropriate implementation of operational improvement, etc. of equipment and systems by eco-tuning operators with such expertise.
- Since fees paid to the eco-tuning operator are taken as a certain percentage of primarily the amount of reduction of utility costs, no payments are made if a reduction was not realized. There is therefore little risk and burden for building owners and tenants. The business model is one that aims to create win-win relationships amongst building owners, tenants, eco-tuning operators and others.



section IV Templates of Green Lease Clauses



1 A Green Lease for Operational Improvement

According to needs of parties concerned, various initiatives can be included under a green lease for operational improvement.

Major items	Template of clauses
Owner-tenant engagement (environmental performance)	The lessor and lessee shall collaborate to improve the environmental performance of the property.
Owner-tenant engagement (indoor environments)	The lessor and lessee shall work to maintain and improve the comfort of the occupants of the property.
Sharing of data	<p>The lessor and lessee agree to share the following data regarding the property. The lessor shall provide the lessee with the following data in the format that was separately agreed upon. The frequency of the lessor's provision of information shall not be less than X times a year.</p> <ol style="list-style-type: none"> 1. Amount of consumption of electricity, gas and other fuels. 2. Amount of CO2 emissions 3. Amount of water consumption 4. Amount of waste generated and their status of processing and recycling <p>(Add to or delete the above four items as needed)</p>
Establishment of reduction targets	The lessor and lessee shall establish reduction targets with regards to [1. Amount of consumption of electricity, gas and other fuels,] [2. Amount of CO2 emissions,] [3. Amount of water consumption] and [4. Amount of waste generated] and work together to achieve these targets.(Add to or delete the four items as needed)
Maintenance and improvement of environmental certifications	<p>The lessor and lessee shall establish a shared goal to acquire green building certifications, energy labels, etc. and shall collaborate [in terms of sharing of necessary information]. The lessor and lessee shall collaborate to aim to receive (maintain) an XX ranking in XX certification.</p>
Holding of committee meetings	The lessor shall periodically hold meeting of "Committee for Environmental Consideration and Energy Efficiency" (tentative name, the "Committee"), whether by itself or through the building management company, to share environmental information and improve environmental performance of the property. The lessee shall agree to participate in the Committee meetings.
Environmental considerations in energy efficiency retrofit work	The lessor and lessee shall endeavor to reduce the amount of waste generated during energy efficiency retrofit works and to use materials that consider the environment and comfort of occupants.
Restoration of tenanted space to original state	If the lessee implemented energy efficiency retrofits of fixtures, equipment, etc. that improve the environmental performance of the property upon agreement with the lessor, the lessor shall exempt the lessee from the obligation of restoring the fixtures, equipment, etc. to original state.The fixtures, equipment, etc. shall belong to the Lessor.

A green lease develops continually alongside the changes in business practices. Please give sufficient consideration to the content of the template before use as formatting and matters to note may change with the times. This template was produced as a prototype in light of the discussions of the Green Building Promotion Committee. Please consult sufficiently with experts and such when working with a green lease.

2 A Green Lease with Energy Efficiency Retrofit (EER)

The clauses related to the costs for a green leases with energy efficiency retrofit (green lease fees) in a general lease agreement are thought to be “rent and common service fees” or “expenses other than for rent and common service fees.” Since green lease fees are basically based on the electricity charges of exclusive areas, it is believed that positioning as “expenses other than rent and common service fees” is appropriate.

However, it may be appropriate to stipulate content which differs from that in a normal lease agreement as a special contract as such is common in business practices.

(Special contract item: Green lease fees)

Article X The lessee shall bear the expenses for the green lease (hereinafter the “green lease fees”) as expenses other than for rent and common service fees as in Article X. Green lease fees here refer to the expenses paid by the lessee to the lessor as compensation for the benefits that the lessee receives from the lessor’s investment for energy efficiency retrofits.
Green lease fees during the target period are as follows.

Target period	[Date] to [date] (maturity date of agreement) However, in accordance with Article X Item X, if the lease contract is renewed, the maturity date of the agreement shall be extended to that of the renewed agreement as long as it does not exceed [MM DD YYYY] (final maturity date).	
Green lease fees (Select from the right)	Flat-rate method	X yen per month
	Reduction peg method	amount equivalent of X% of reduction in electricity charge caused by energy efficiency retrofit
	Measured rate method	X yen per KWh of power usage

[Considerations]

- The lessor may need to separately give explanations to the lessee with regards to the scope of the investment for energy efficiency retrofits (percentage of reduction), the method of measurement of the effects of the energy efficiency retrofits and other matters.
- It may be appropriate to set the target period not as the legal service life of the equipment, etc. but around five to 10 years (period in which the equipment is thought to possess superiority in the market) considering the superiority of the equipment’s functions.

A green lease develops continually alongside the changes in business practices. Please give sufficient consideration to the content of the template before use as formatting and matters to note may change with the times. This template was produced as a prototype in light of the discussions of the Green Building Promotion Committee. Please consult sufficiently with experts and such when working with a green lease.

3 Reporting to Tenants

The following is a template of the reduction results report to the tenant as introduced in page 24.

[Date]

For XXX Co., Ltd.

XXX Co., Ltd.
XXXX, President and CEO

Thank you very much for your continued business with us. What follows is a report on the effects of the introduction of LED lighting to the section occupied by your company.

① Purpose and overview

In order to promote energy saving based on the civil power consumption restriction ordinance implemented between July 1 and September 30, energy saving based on the Tokyo Metropolitan Government's Improve the Urban Environment and Protect the Health of Citizens Ordinance and to reduce the expenditure of your company, LED lamps were installed by our company and the power-saving measures fees shall be paid by your company in the scope of the reduced electricity charges and fluorescent lamp charges.

② Planned values

1. Estimated reduction of power in the proposal:	4,000kw per month
2. Power unit price included in basic charges for the building:	20 yen per kw
3. Expected reduction of electricity charges in the plan:	80,000 yen per month

③ Actual values

1. Power consumption for August before LED installation:	10,000kw x 20 yen = 200,000 yen
2. Power consumption after LED installation:	4000kw -> 80,000 yen <small>(average from October through December)</small>
(1) September:	4,500kw
(2) October:	3,500kw
(3) November:	4,000kw
(4) December:	4,000kw
3. Actual reduced power:	6,000kw reduction per month
4. Margin of error of planned value:	Xkw -> Xkw X -> X yen reduction
5. Forecast crude oil equivalent of energy saving:	Xkl per year
6. Average illuminance before LED installation:	XLx
after LED installation:	XLx approx. X% increase

④ Conclusion

1. Energy-saving results were obtained as projected in the plan.
2. The indoor illuminance significantly increased and, even so, energy-saving targets were achieved.

A green lease develops continually alongside the changes in business practices. Please give sufficient consideration to the content of the template before use as formatting and matters to note may change with the times. Please consult sufficiently with experts and such when working with a green lease.

section V Examples of Green Lease Clauses



1 Memorandum of Understanding (MOU) (Example 1)

The following are green lease clauses created by an energy-saving consultant. The terms are being used when actually proposing agreements about energy saving.

(Front side)

Memorandum of Understanding (MOU) (Proposal)

XX Co., Ltd., the lessor, and XX Co., Ltd., the lessee, hereby conclude a memorandum of understanding (MOU) (hereinafter the "Memorandum") with regards to the real estate lease agreement (contract number: _____) (hereinafter the "Original Agreement") (hereinafter the "Original Agreement") concluded on [date]. The terms in the Memorandum are as defined in the Original Agreement unless otherwise stated in the Memorandum.

(General rule)

Article 1: The lessor and lessee shall exercise mutual collaboration for the environmental measures for XX Building.

(Introduction of energy-saving equipment)

Article 2: The lessor shall install and bear the costs for the following lighting equipment.

1. Details of lighting equipment

XX-type LED lighting equipment (XXXW, XXXK)

(Manufactured by XXX; Product number XXXXX) XXXX units

2. Place of installation of lighting equipment and number of personnel

Exclusive area of the lessee within the facilities (XXXX tsubos)

(Breakdown)

XF (XXX tsubos) XXX units

XF (XXX tsubos) XXX units

XF (XXX tsubos) XXX units

(Back side)

(Costs for the services)

Article 3:

1. The lessor shall bear all the costs for installment of the equipment stipulated in Article 2. The lessor shall also bear the maintenance costs after installment.
2. The lessor shall be responsible for replacing the equipment stipulated in Article 2 regardless of what is stipulated in the Original Agreement. However, this does not apply if the necessity for a replacement arises due to the willfulness or negligence of the lessee.
3. The lessee shall bear the following fees as compensation for the use of the equipment stipulated in Article 2.

Monthly service fees: X yen per tsubo

(Or, X yen per kWh (based on power consumption), etc.)

(Effective period of the Memorandum)

Article 4: The Memorandum shall be effective as of [date] and shall expire on [date].

(Undecided matters)

Article 5: Matters unstipulated in the Memorandum shall be as stipulated in the Original Agreement.

As proof of agreement on the above content, two copies of the Memorandum shall be prepared to be possessed by each party upon signing and sealing.

[Date]

Lessor: [Address]

XX Co., Ltd.

XXXX XXXX President & CEO [seal]

Lessee: [Address]

XX Co., Ltd.

XXXX XXXX President & CEO [seal]

2 Memorandum of Understanding (MOU) for Power-Saving Measures (Example 2)

This is an example of where a green lease agreement was concluded after a real estate management company proposed replacement of bulbs to LED lighting to a tenant.

(Front side)

Memorandum of Understanding (MOU) (Proposal)

Article 1 (Purpose)

In order to promote power saving in the exclusive areas, the fluorescent lamps of the lighting equipment installed by Party B shall be replaced with straight tube LED lamps, the cost being borne by Party A, and Party B shall pay power-saving measures fees corresponding to the reduction of electricity charges and bulb replacement charges to Party A.

Article 2 (Details of replacement of lighting equipment)

Equipment to be removed: FLR-type XW fluorescent lamps (including stabilizers) XX units
New equipment: XXX LED fluorescent lamps XX units

Article 3 (Contract period)

The contract period for this memorandum of understanding (MOU) on power-saving measures (hereinafter the "Memorandum") shall be from [date] to [date].

Article 4 (Period and method of payment)

Party A shall claim, together with rent, common service fees and other expenses (hereinafter "rent, etc.") for the months of the contract period in Article 3, power-saving measures fees, and Party B shall pay the power-saving measures fees to Party A with the payment conditions of rent, etc.

Article 5 (Bulk settlement)

Party B may terminate this agreement during the contract period if it makes a bulk payment equivalent to the power-saving measures fees for the period up to the expiration of the agreement to Party A.

Article 6 (Guarantee)

If the LED lamps stop lighting or otherwise fail during the contract period, Party A shall bear the costs of replacement. However, such shall be limited to initial failures, short life and spontaneous failures and shall not apply to failures due to relocations, remodeling, damage and willfulness or negligence of any party other than Party A.

Article 7 (Ownership rights)

The ownership rights of the new equipment shall belong to Party A during the period in which the Memorandum is effective. However, the ownership rights shall be transferred from Party A to Party B when the Memorandum is no longer effective after the expiration of the agreement as stipulated in Article 3 or through bulk settlement as stipulated in Article 5.

(Back side)

Article 8 (Maintenance and management)

Party B shall maintain and manage the property with the duty of care of a prudent manager.

Article 9 (Other)

If a situation occurs that disrupts the smooth operation of the Memorandum, if matters not dealt with in the Memorandum occur or if there are doubts as to the interpretation of the Memorandum, Party A and Party B shall resolve the issues with sincerity upon consultation.

As proof of agreement on the Memorandum, two copies of the Memorandum shall be prepared to be possessed by each party upon signing and sealing.

[Date]

Party A: [Address]

XX Co., Ltd.

XXXX XXXX President & CEO [seal]

Party B: [Address]

XX Co., Ltd.

XXXX XXXX President & CEO [seal]

3 Green Lease Clauses (Example 3)

This is a case where a real estate management company incorporated green lease clauses into a real estate lease agreement. The first clause touches on a green lease for operational improvement and the second clause on a green lease with energy efficiency retrofit.

Article X (Environmental considerations, investment for energy-saving retrofits, etc.)

1. Party A and Party B shall share a common philosophy for maintaining and improving the property's comfort and productivity from perspectives of energy saving, environmental considerations, etc. and shall endeavor to collaborate with the measures that each implements with regards to this (including but not limited to the sharing of data, acquisition of environmental certifications, etc. and the establishment of targets). Furthermore, if response to laws concerning environmental measures such as global warming countermeasures (reports, reductions, etc.) is required, each shall be able to request necessary correspondence to the other and the other shall endeavor to meet the request.
2. If Party B receives improvement effects and benefits such as a reduction of utility costs due to the investment made by Party A for energy efficiency retrofit of equipment, or if such improvement effects and benefits are expected to occur, Party A shall discuss with Party B the distribution of the improvement effects and benefits between both parties and, regardless of the other stipulations in this agreement, shall be able to revise rent, common service fees, other expenses and such.

section VI Green Lease Q&A



[Q&A on green leases overall]

1	<i>What is a green lease?</i>	A green lease is where “building owners and tenants collaborate to reach voluntary agreements with regards to energy saving and other environmental burdens of real estate, improvements of indoor environments through contracts, memorandums of understanding (MOU) and such and implement the contents of these agreements.” By promoting the reduction of utility costs and improving indoor environments, green leases help to establish win-win relationships between building owners and tenants. (see page 2)
2	<i>What can be accomplished with a green lease?</i>	A green lease is mainly helpful in reducing energy consumption (lighting, HVAC, etc.) and CO2 emissions. Besides these, a green lease is expected to reduce water consumption (including hot water) and waste and improve comfort of occupants (improvement of indoor environments, etc.). (see page 4)
3	<i>What are the benefits of a green lease?</i>	Building owners can reduce the management costs of the building as a whole through a green lease. In addition, tenants are able to reduce utility costs. Furthermore, both building owner and tenant can expect to enhance their image as companies with high environmental awareness. The introduction of equipment with high environmental performance is expected to improve indoor environments and increase the health and comfort of office workers. (see page 5)
4	<i>What types of green leases exist?</i>	There are mainly two types of green leases: a green lease for operational improvement and a green lease with energy efficiency retrofit. (see page 6)
5	<i>What is a “green lease for operational improvement?”</i>	A green lease for operational improvement is an initiative of collaboration between building owner and tenant with regard to energy saving, environmental considerations and restoration of tenanted spaces to original state. This initiative clarifies the collaborative efforts of both parties such as the sharing of information for increased environmental performance. (see page 7)
6	<i>What is a “green lease with energy efficiency retrofit?”</i>	A green lease with energy efficiency retrofit is an initiative where the tenant returns monetary benefits to the building owner when the benefits of investment made by the building owner for energy-saving retrofits is attributable to the tenant. (see page 8)
7	<i>What parties are involved in a green lease?</i>	The main parties involved are the building owner and tenant. In addition, brokers, lawyers, etc. will be related parties with regard to the agreement and building managers, etc. will be related parties with regard to operation.
8	<i>Is a green lease limited to green buildings?</i>	No, it is not. A green lease can be applied to all buildings. In fact, green lease initiatives are even more effective at buildings with low environmental performance.

9	<i>What can be used to assess whether a green lease is applicable?</i>	A green lease for operational improvement is applicable for all buildings. A green lease with energy efficiency retrofit can be considered in cases where the energy-saving performance of lighting, HVAC, etc. is inferior compared to the latest equipment.
10	<i>Does a green lease actually generate results?</i>	The conclusion of a green lease alone does not increase environmental efficiency or sustainability of buildings. It is vital that the building owner and tenant collaborate after the conclusion of the agreement and that both work responsibly towards the aims.
11	<i>Is it necessary to purchase the latest facilities and fixtures to implement an effective green lease?</i>	Improvement of energy efficiency can be anticipated by improved operation even without a major capital investment on the part of the building owner.
12	<i>Does the owner bear all the costs for introducing new equipment and for improving the building's environmental performance?</i>	No. A green lease with energy efficiency retrofit can be used to return part of the benefits obtained by the tenant back to the building owner in the form of green lease fees and so both building owner and tenant can share the burden.
13	<i>Are building and operational costs for Green Buildings higher than for normal buildings?</i>	The initial cost of construction may be higher for Green Buildings but in many cases such buildings have better insulation and equipment performance and use materials that does not require a lot of maintenance and so a reduction of total costs can be expected with the extension of life span. The market value is also expected to increase and the reduction of utility costs and such can also be considered economic benefits.
14	<i>Does a green lease help to improve indoor environments?</i>	The building owner and tenant can make more detailed adjustments of HVAC and lighting and so a green lease is thought to improve indoor environments.

[Q&A on green lease agreements]

1	<i>I would like to conclude a green lease agreement. Is there a standardized format?</i>	The building owner and tenant must decide the content of a green lease for themselves such as depending on the circumstances of the building and so there has been no standardized format. However, feel free to make use of the template of the clauses in Section IV. (pages 34 to 36)
2	<i>Is there a difference in legal weight in incorporating the content of a green lease into the lease agreement or by making a separate memorandum?</i>	There is no difference in legal weight if the green lease clauses are incorporated into the lease agreement or if a memorandum of understanding (MOU) is separately created, as long as there are no special agreements.
3	<i>Is a green lease agreements applicable for both normal lease agreements and fixed-term lease agreements?</i>	Yes, a green lease is applicable for both. Agreements that violate mandatory provisions of the Act on Land and Building Leases cannot be made.
4	<i>What can be done if the anticipated period of payment differs from the lease agreement period?</i>	If the anticipated payment period of the contract for green leases is longer than the lease agreement period, first the period must be made to match the lease agreement period. And it would be better to integrate the remaining period into the next contract (after the renewal or with subsequent tenants) by mutual consent when green lease fees are scheduled to be charged.
5	<i>Is the obligation in a green lease an obligation to make an effort or a certain obligation assuming fulfillment of responsibilities?</i>	Either one is possible through agreement of the parties involved but in the case of a green lease for operational improvement it is generally likely to be an obligation to make an effort. A green lease with energy efficiency retrofit assumes fulfillment of responsibilities.
6	<i>Would a violation of green lease clauses be a reason to terminate the lease agreement?</i>	In cases a situation arises in which it can be recognized that a violation of the green lease agreement, for example if the tenant did not pay its green lease fees continually, causing damage to the trust relationship for the lease agreement, such may be a cause to terminate the agreement.
7	<i>Is it possible to change the content of the existing agreement during the period of the green lease agreement?</i>	Such a change is possible as long as both parties agree. However, if the change would affect the targets of energy reduction or the acquisition of environmental ratings and such, sufficient discussions and consensus-building is required.
8	<i>What would happen if the tenant terminated its lease agreement after concluding a green lease for energy efficiency retrofit ?</i>	Since the tenant's payment of green lease fees are only applicable during the period of use by the tenant, there will be no green lease fee income during the vacancy period unless otherwise specified in the agreement. Depending on the content of the agreement however, the tenant may have to pay a penalty.

This Q&A discusses general content. Please consult with lawyers, accountants or other experts when working with a green lease.

9	<i>If the owner changes after the conclusion of the green lease agreement, will the green lease agreement be inherited by the new owner?</i>	In the case of change in the owner, the rights and obligations in the green lease agreement will legally be inherited by the new owner if registration for transfer of ownership is completed.
10	<i>If the tenant relocates after concluding the green lease agreement, will the green lease agreement be inherited by a new tenant?</i>	Unlike a change in the owner, the green lease agreement will not be inherited by a new tenant unless such an agreement was made with the new tenant.
11	<i>If there are multiple tenants occupying a building and some of the tenants do not accept the agreement, is it possible to conclude green lease agreements with the other tenants?</i>	Yes, the building owner can conclude green lease agreements with the tenants that accept. When there are multiple tenants, it is standard to conclude green lease agreements with each tenant just like normal lease agreements.
12	<i>Should the green lease fees be uniform when concluding green lease agreements with multiple tenants? Or is it appropriate to vary the fee according to leased space, the situation of use of facilities and such?</i>	While such will depend on the content of agreement with the tenants, it is thought to be rational in general to vary green lease fees according to leased space, the situation of use of facilities, etc.

[Q&A on accounting and tax treatment of green lease fees]

1	<i>Are green lease fees included in rent and common service fees or in other revenue costs?</i>	Since green lease fees are basically based on electricity charges of exclusive areas, it is thought to be appropriate to position the fees as "costs other than rent and common service fees."
2	<i>How should green lease fees be set?</i>	Among the methods for setting green leases are (1) the method using a flat rate, (2) the method using actual power use before energy efficiency retrofit as the basis and having fees as a set ratio of the amount of power consumption reduced after energy efficiency retrofit and (3) the method with fees based on actual power usage. (see page 23)
3	<i>Are revenues through green lease fees taxable?</i>	Yes, they are taxable.

This Q&A discusses general content. Please consult with lawyers, accountants or other experts when working with a green lease.

[List of Energy-Saving Subsidies]

Overview of subsidy	Target building		Contact
	Newly-built	Existing	
Sustainable Buildings Prioritization Project (CO2 Reduction Lead-Type)			Housing Production Division, Housing Bureau, Ministry of Land, Infrastructure, Transport and Tourism 03-5253-8940 (Direct)
Gives support for maintenance costs for building construction, etc. concerning leading technologies for energy saving and CO2 reduction and expenses required such as for verification of the effects, etc. for newly-built or existing residences and buildings. Subsidy rate (upper limit): 1/2; Subsidy amount: 1 billion yen or 5% of total project cost if the latter is the lower amount	○	○	
Project for Greener Local Residences			Housing Production Division, Housing Bureau, Ministry of Land, Infrastructure, Transport and Tourism 03-5253-8512 (Direct)
Gives support to medium- and small-sized building contractors such as with the amount equivalent of cost increases for certified low-carbon wooden buildings, etc. Subsidy rate (upper limit): 1/2; Subsidy amount: Amount within 10% the expenses required for the construction of the target building, and 10,000 yen per m ² per operator (maximum of 1,000m ²)	○		
Project for Promotion of Energy Saving at Existing Buildings			Housing Production Division, Housing Bureau, Ministry of Land, Infrastructure, Transport and Tourism 03-5253-8510 (Direct)
A: Gives assistance for energy-saving retrofits of existing structures in which a 15% energy-saving effect is expected for the building frame retrofit and certain criteria on energy-saving performance are met after the retrofits. B: Diagnosis and display of energy-saving performance of existing residences and buildings with 300m ² or more. Subsidy rate: 1/3 Fixed amount (for that with a high ripple effect in B) Subsidy amount (upper limit): 50 million yen per case (the maximum subsidy for energy efficiency retrofit of equipment is 25 million yen)		○	
Project for Promotion of CO2 Reduction at Commercial Buildings, etc.			Climate Change Policy Division, Global Environment Bureau, Ministry of the Environment 03-5521-8355 (direct)
Partial support for (1) projects aiming for low carbon in which building owner and tenant collaborate to decide on a voluntary basis on initiatives to control CO2 emissions of buildings and (2) expenses required to introduce low-carbon equipment, etc. needed to realize buildings with near-zero energy consumption. (1) Subsidy rate: 1/2; Subsidy amount (upper limit): 50 million yen (2) Subsidy rate: 2/3; Subsidy amount (upper limit): 300 million yen	○	○	
Promotion of 'Eco-lease'			Environment and Economy Division, Environmental Policy Bureau, Ministry of the Environment 03-5521-8240 (direct)
Gives support to medium- and small-sized companies for which it is difficult to bear the high initial investment costs (down payment) by supporting part of the total lease fees, thereby promoting the use of "lease" without down payment and the proliferation of low-carbon equipment. Subsidy rate: Less than 5% of total lease fees	○	○	
Subsidy for Operators in Rationalization of Energy Use			Energy Efficiency and Conservation Division, Agency for Natural Resources and Energy Agency, Ministry of Economy, Trade and Industry
Gives assistance for expenses necessary for replacement of existing facilities and systems at plants and business sites, energy saving through energy efficiency retrofits for improving manufacturing processes and such, electricity peak measures and energy-saving measures among operators. Subsidy rate: Within 1/3 of introduction of energy-saving equipment, etc. and within 1/2 of projects utilizing energy management support service operators		○	
Subsidy for the Promotion of Special Equipment in Rationalization of Energy Use			Energy Efficiency and Conservation Division, Agency for Natural Resources and Energy Agency, Ministry of Economy, Trade and Industry
Interest subsidies are given to operators borrowing from private financial institutions and such in order to promote the introduction of energy-saving equipment, etc. and installation of products targeted by the Top Runner program such as before arriving at the target year, etc. Subsidy rate: Fixed amount (within 1.0% of interest subsidies)	○	○	
Subsidy for the Promotion of Innovative Energy-Saving Technologies in Residences and Buildings			Energy Efficiency and Conservation Division, Agency for Natural Resources and Energy Agency, Ministry of Economy, Trade and Industry
In order to create a guideline for ZEBs*, gives assistance to advanced top-level buildings that realize energy saving in introducing high-functioning building materials and high-functioning equipment, etc. that are the components. *ZEBs (net-zero energy buildings): Buildings whose annual primary energy consumption is zero on a net basis. Subsidy rate: Within 2/3	○	○	
Subsidy for the Promotion of the Introduction of Energy-Saving Measures Energy/Power-Saving Diagnoses for Free			Energy Efficiency and Conservation Division, Agency for Natural Resources and Energy Agency, Ministry of Economy, Trade and Industry
Energy-saving and power-saving diagnoses are given for free to small- and medium-sized businesses, etc. as well as dispatches of lecturers for energy-saving seminars. Furthermore, information on cases of diagnosis and energy-saving technologies are widely disseminated. Cases of diagnoses can be seen on the energy-saving and power-saving portal site shindan-net.jp (http://www.shindan-net.jp/) Diagnoses and dispatch of lecturers: Free		○	

*The above subsidies are scheduled to be implemented in fiscal 2016 (as of February 2016). For details, please contact the respective divisions.

*For subsidy projects by prefecture and municipality, please contact the respective local governments.

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(In order of the Japanese phonetic alphabet, titles abbreviated)

Green Lease Guide

2016.Feburary

Green Building Promotion Committee



Ministry of Land, Infrastructure, Transport and Tourism

Real Estate Market Division,
Land Economy and Construction Industries Bureau

<Cooperation>



Ministry of the Environment

Environment and Economy Division, Environmental Policy Bureau
Climate Change Policy Division, Global Environment Bureau



Ministry of Economy, Trade and Industry

Agency for Natural Resources and Energy
Energy Conservation and Renewable Energy Department,
Energy Efficiency and Conservation Division

Outsourced to: Sumitomo Mitsui Trust Research Institute Co., Ltd.

Contact: Real Estate Market Division, Land Economy and Construction Industries Bureau,
Ministry of Land, Infrastructure, Transport and Tourism 03-5232-8375 (direct)