

Mitsui Fudosan Co., Ltd. (2022 Green Bond)

Type of Engagement: Allocation Review

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Introduction

In January 2022, Mitsui Fudosan Co., Ltd. (“Mitsui Fudosan”) issued a green bond aimed at financing projects related to Green Buildings (USD 300 million 10-Year Green Bond, hereinafter the “2022 Green Bond”). As of September 30, 2022, the proceeds were allocated to one green building project, 50 Hudson Yards. In October 2022, Mitsui Fudosan engaged Sustainalytics to review the project funded through the 2022 Green Bond and assess whether the project met the Use of Proceeds criteria outlined in the Green Bond Framework for Mitsui Fudosan Co., Ltd. (the “Framework”).

Evaluation Criteria

Sustainalytics evaluated the project funded with proceeds from January 2022 to September 2022 based on whether the project:

- Met the Use of Proceeds and Eligibility Criteria outlined in the Framework

Table 1 lists the Eligibility Criteria for the Use of Proceeds category to which the proceeds were allocated.

Table 1: Use of Proceeds, and Eligibility Criteria

Use of Proceeds	Eligibility Criteria
Green Buildings	<p>New or existing investments in, or expenditures (related to development, construction, renovation, acquisition, and refinancing) on properties, including but not limited to office buildings, retail properties, residentials, logistics and hotels/resorts, which meet at least one of the following requirements:</p> <p>i) New, existing or refurbished buildings which have received, within 24 months prior to the date of Green Bond issuance or are expected to receive prior to the maturity date of the Green Bond design stage certification, post-construction certification and/or in-use certification in any of the following building certification schemes at the levels defined below:</p> <ul style="list-style-type: none"> ▪ LEED: “Platinum” or “Gold” ▪ BREEAM: “Outstanding” or “Excellent” ▪ CASBEE for Buildings (New Construction, Existing Buildings, and Renovation) or CASBEE for Real Estate: “S” or “A” ▪ DBJ Green Building Certification: “5” or “4” ▪ BELS: “5” or “4” ▪ BCA Green Mark Certification: “Platinum” or “Gold” ▪ HQE: “Exceptional” or “Excellent” ▪ DGNB: “Platinum” or “Gold” ▪ Green Star: “6-star” or “5-star” <p>ii) Properties that are among the top 15% of the energy-efficient buildings in the applicable region using Climate Bond Initiative’s “Location Specific Criteria for Commercial Buildings & Calculator” and/or “Location Specific Criteria for Residential Buildings & Calculator”. New, existing or refurbished buildings that have been completed, refurbished or financed within the 24 months prior to the issue date of the Green Bond or prior to the maturity date of the Green Bond are eligible.</p>

	<p>iii) Refurbishments to properties, including buildings or building subsystems, that (a) are intended to significantly improve energy efficiency, emission efficiency and/or water efficiency or (b) result in other environmentally beneficial improvements. Such refurbishments contribute to improvement in the environmental efficiencies for entire properties, and it may include, but are not limited to, investments intended to reduce CO₂ or equivalent emissions, reduce water consumption or improve waste conversion rates (e.g. LED and other energy efficient lighting, cool roof and other sustainability-oriented construction materials, smart meters, electric and renewable energy charging stations and batteries, waste diversion, water and energy-saving technologies and materials and improvements recognized by sustainability rating systems). With respect to refurbishments intended to improve energy efficiency and/or emission efficiency, an improvement effect of 20% or more in emissions or energy performance or primary energy demand (PED) over the baseline as compared to the pre-refurbishment level shall be targeted. New, existing or refurbished buildings that have been completed, refurbished or financed within the 24 months prior to the issue date of the Green Bond or prior to the maturity date of the Green Bond are eligible.</p>
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Issuing Entity's Responsibility

Mitsui Fudosan is responsible for providing accurate information and documentation relating to the details of the project that has been funded, including description of projects, amounts allocated, and project impact.

Independence and Quality Control

Sustainalytics, a leading provider of ESG and corporate governance research and ratings to investors, conducted the verification of Mitsui Fudosan's 2022 Green Bond Use of Proceeds. The work undertaken as part of this engagement included collection of documentation from Mitsui Fudosan employees and review of documentation to confirm the conformance with the Framework.

Sustainalytics has relied on the information and the facts presented by Mitsui Fudosan with respect to the project in the eligible category. Sustainalytics is not responsible nor shall it be held liable if any of the opinions, findings, or conclusions it has set forth herein are not correct due to incorrect or incomplete data provided by Mitsui Fudosan.

Sustainalytics made all efforts to ensure the highest quality and rigor during its assessment process and enlisted its Sustainability Bonds Review Committee to provide oversight over the assessment of the review.

Conclusion

Based on the limited assurance procedures conducted,¹ nothing has come to Sustainalytics' attention that causes us to believe that, in all material respects, the reviewed bond project, funded through proceeds of Mitsui Fudosan Co., Ltd.'s 2022 Green Bond, are not in conformance with the Use of Proceeds Criteria outlined in the Green Bond Framework for Mitsui Fudosan Co., Ltd. Mitsui Fudosan has disclosed to Sustainalytics that the proceeds of the 2022 Green Bond were fully allocated as at September 30, 2022.

¹ Sustainalytics limited assurance process includes reviewing the documentation relating to the details of the projects that have been funded, including description of projects, and project impact, which were provided by the Issuer. The Issuer is responsible for providing accurate information. Sustainalytics has not conducted on-site visits to projects.

Detailed Findings

Table 2: Detailed Findings

Evaluation Criteria	Procedure Performed	Factual Findings	Error or Exceptions Identified
Use of Proceeds Criteria	Verification of the project funded by the 2022 Green Bond from January 2022 to June 2022 to determine if the project aligned with the Use of Proceeds Criteria outlined in the Green Bond Framework for Mitsui Fudosan Co., Ltd. and above in Table 1.	The project reviewed complied with the Use of Proceeds criteria.	None

Appendix

Appendix 1: Allocation of Green Bond Proceeds

Use of Proceeds Category	Overview of Project	Net Bond Proceeds Allocation (million USD)
Green Buildings	Invest in 50 Hudson Yards, an office building in Manhattan, New York. 50 Hudson Yards plans to obtain LEED ² GOLD certification.	300
Total Net Bond Proceeds Allocated:		300
Total Net Bond Proceeds Unallocated:		0
Total Net Bond Proceeds from Green Bond issuance:		300

² LEED Certification, at: <https://www.usgbc.org/leed>

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These are based on information made available by the issuer and therefore are not warranted as to their merchantability, completeness, accuracy, up-to-dateness or fitness for a particular purpose. The information and data are provided "as is" and reflect Sustainalytics' opinion at the date of their elaboration and publication. Sustainalytics accepts no liability for damage arising from the use of the information, data or opinions contained herein, in any manner whatsoever, except where explicitly required by law. Any reference to third party names or Third Party Data is for appropriate acknowledgement of their ownership and does not constitute a sponsorship or endorsement by such owner. A list of our third-party data providers and their respective terms of use is available on our website. For more information, visit <http://www.sustainalytics.com/legal-disclaimers>.

The issuer is fully responsible for certifying and ensuring the compliance with its commitments, for their implementation and monitoring.

In case of discrepancies between the Japanese language and translated versions, the Japanese language version shall prevail.

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