

Mitsui Fudosan Co., Ltd.

(FY2022 Green Bonds and FY2022 Green Loans)

Type of Engagement: Allocation Review

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Engagement Team:

Kosuke Kanematsu, kosuke.kanematsu@sustainalytics.com, (+81) 3 4571 2277

Yukie Osari, yukie.osari@sustainalytics.com, (+81) 3 4520 2192

Introduction

Mitsui Fudosan Co., Ltd. (“Mitsui Fudosan”) issued green bonds in July 2022 (JPY 40 billion 5-Year Green Bond, JPY 10 billion 7-Year Green Bond and JPY 30 billion 10-Year Green Bond, hereinafter the “FY2022 Green Bonds”) and green loans from August 2022 to March 2023¹ (total JPY 140.5 billion Green Loans, hereinafter the “FY2022 Green Loans”), which were aimed at financing projects related to Green Buildings. As of March 31, 2023, the proceeds were allocated to two green building projects, Tokyo Midtown Yaesu and Tokyo Midtown Hibiya. In April 2023, Mitsui Fudosan engaged Sustainalytics to review the projects funded through the FY2022 Green Bonds and the FY2022 Green Loans and assess whether the projects met the Use of Proceeds criteria outlined in the Green Finance Framework for Mitsui Fudosan Co., Ltd. (the “Framework”).²

Evaluation Criteria

Sustainalytics evaluated the projects funded with proceeds from April 2022 to March 2023 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 Green Loan execution, or are expected to receive prior to the maturity date of the Green Bond or the repayment due date of the Green Loan, 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</p>

¹ Fiscal year 2022 (FY2022) starts on 1 April 2022 and ends on 31 March 2023.

² Green Finance Framework for Mitsui Fudosan Co., Ltd. is available at:

https://www.mitsui-fudosan.co.jp/english/corporate/esg_csr/pdf/2021/greenbond_eng.pdf

	<p>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 the execution date of Green Loan, or prior to the maturity date of the Green Bond or the repayment due date of the Green Loan, 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 the execution date of Green Loan, or prior to the maturity date of the Green Bond or the repayment due date of the Green Loan 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 FY2022 Green Bonds and FY2022 Green Loans 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,³ nothing has come to Sustainalytics' attention that causes us to believe that, in all material respects, the reviewed bond and loan projects, funded through proceeds of Mitsui Fudosan Co., Ltd.'s FY2022 Green Bonds and FY2022 Green Loans, are not in conformance with the Use of Proceeds Criteria outlined in the Green Finance Framework for Mitsui Fudosan Co., Ltd. Mitsui Fudosan has disclosed to Sustainalytics that the proceeds of the FY2022 Green Bonds and FY2022 Green Loans were fully allocated as at March 31, 2023.

Detailed Findings

Table 2: Detailed Findings

Evaluation Criteria	Procedure Performed	Factual Findings	Error or Exceptions Identified
Use of Proceeds Criteria	Verification of the projects funded by the FY2022 Green Bonds and FY2022 Green Loans from April 2022 to March 2023 to determine if the projects aligned with the Use of Proceeds Criteria outlined in the Green Finance Framework for Mitsui Fudosan Co., Ltd. and above in Table 1.	All projects reviewed complied with the Use of Proceeds criteria.	None

³ 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.

Appendix

Appendix 1: Allocation of Green Bond and Green Loan Proceeds

1. FY2022 Green Bonds (JPY 40 billion 5-Year Green Bond, JPY 10 billion 7-Year Green Bond and JPY 30 billion 10-Year Green Bond)

Use of Proceeds Category	Overview of Project	Net Bond Proceeds Allocation (billion JPY)
Green Buildings	Investment in Tokyo Midtown Yaesu, a mixed-use building around Tokyo Station, Japan. Tokyo Midtown Yaesu has achieved the highest "S" rating under CASBEE ⁴ (self-assessment), and has obtained the highest "Five-Star" rating in DBJ Green Building Certification ⁵ .	80
Total Net Bond Proceeds Allocated:		80
Total Net Bond Proceeds Unallocated:		0
Total Net Bond Proceeds from Green Bond issuance:		80

2. FY2022 Green Loans (JPY 140.5 billion Green Loans)

Use of Proceeds Category	Overview of Project	Net Loan Proceeds Allocation (billion JPY)
Green Buildings	Investment in Tokyo Midtown Yaesu, a mixed-use building around Tokyo Station, Japan. Tokyo Midtown Yaesu has achieved the highest "S" rating under CASBEE (self-assessment), and has obtained the highest "Five-Star" rating in DBJ Green Building Certification.	48
	Investment in Tokyo Midtown Hibiya, a mixed-use building consisting of offices, commercial facilities, and business collaboration centers. The building has received the highest "Five-Star" rating in the DBJ Green Building Certification.	92.5
Total Net Loan Proceeds Allocated:		140.5
Total Net Loan Proceeds Unallocated:		0
Total Net Loan Proceeds from Green Loan Execution:		140.5

⁴ Comprehensive Assessment System for Built Environment Efficiency (CASBEE), at: <https://www.ibec.or.jp/CASBEE/english/index.htm>

⁵ DBJ Green Building Certification, at: <http://igb.jp/en/about.html>

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

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