

Second-Party Opinion

Japan Metropolitan Fund Investment Corporation Green Bond Framework



Evaluation Summary

Sustainalytics is of the opinion that the Japan Metropolitan Fund Investment Corporation (“JMF” or the “Investment Corporation”) Green Bond Framework (the “Framework”) is credible and impactful and aligns with the four core components of the Green Bond Principles 2018 (GBP). This assessment is based on the following:



USE OF PROCEEDS The eligible category for the use of proceeds, Green Buildings, is aligned with those recognized by the GBP. Sustainalytics considers that the eligible category will lead to positive environmental impacts and advance the UN Sustainable Development Goal (SDG) 9.



PROJECT EVALUATION / SELECTION The Sustainability Committee of Mitsubishi Corp.-UBS Realty Inc.’s (MC-UBS), JMF’s asset manager, composed of its Deputy President & Representative Director who serves as Chief Sustainability Officer and other members including the President and Chief Operating Officer as well as the ESG Promotion office will evaluate and select the eligible projects based on the eligibility criteria and Responsible Property Investment Policy. Sustainalytics considers this process to be in line with market practice.



MANAGEMENT OF PROCEEDS MC-UBS will manage the proceeds of the green bond through a portfolio approach and use the accounting system to monitor to ensure the total amount of outstanding green bonds does not exceed the debts of Eligible Green Projects, on an annual basis. Pending allocation, an amount equal to the unallocated proceeds will be held in cash and cash equivalents. Sustainalytics considers this process to be in line with market practice.



REPORTING JMF intends to report on allocation of proceeds and environmental performance on its website on an annual basis until the maturity of the green bond. Allocation reporting will include, the book value of all the Eligible Green Projects, debts of Eligible Green Projects, and the total amount of outstanding green bonds. Impact reporting will include quantitative environmental performance indicators. Sustainalytics views JMF’s allocation and impact reporting as aligned with market practice.

Evaluation date April 26, 2021

Issuer Location Tokyo, Japan

Report Sections

Introduction.....	2
Sustainalytics’ Opinion.....	3
Appendices	8

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Introduction

JMF is a publicly traded real estate investment trust which invests in retail properties, office buildings, residences, hotels, and mixed-use properties located in urban areas in Japan. The operation and management of JMF's assets are entrusted to its asset manager, MC-UBS, which is a joint venture between Mitsubishi Corporation, one of leading trading companies in Japan, and UBS AG, one of the world's leading financial groups.

JFM has developed the Framework under which it intends to issue green bonds and use the proceeds to finance and/or refinance, existing and/or future projects that reduce the environmental footprint of its portfolio. The Framework defines eligibility criteria in the following area:

1. Green Buildings

JMF engaged Sustainalytics to review the Framework, dated April 2021 and provide a Second-Party Opinion on the Framework's environmental credentials and its alignment with GBP.¹ A summary overview of the Framework has been provided in Appendix 1.

Scope of work and limitations of Sustainalytics' Second-Party Opinion

Sustainalytics' Second-Party Opinion reflects Sustainalytics' independent² opinion on the alignment of the reviewed Framework with the current market standards and the extent to which the eligible project categories are credible and impactful.

As part of the Second-Party Opinion, Sustainalytics assessed the following:

- The Framework's alignment with the GBP as administered by ICMA;
- The credibility and anticipated positive impacts of the use of proceeds; and
- The alignment of the issuer's sustainability strategy and performance and sustainability risk management in relation to the use of proceeds.

For the use of proceeds assessment, Sustainalytics relied on its internal taxonomy, version 1.8.1, which is informed by market practice and Sustainalytics' expertise as an ESG research provider.

As part of this engagement, Sustainalytics held conversations with various members of JMF's management team to understand the sustainability impact of their business processes and planned use of proceeds, as well as management of proceeds and reporting aspects of the Framework. JFM representatives have confirmed (1) they understand it is the sole responsibility of JMF to ensure that the information provided is complete, accurate or up to date; (2) that they have provided Sustainalytics with all relevant information and (3) that any provided material information has been duly disclosed in a timely manner. Sustainalytics also reviewed relevant public documents and non-public information.

This document contains Sustainalytics' opinion of the Framework and should be read in conjunction with that Framework.

Any update of the present Second-Party Opinion will be conducted according to the agreed engagement conditions between Sustainalytics and JMF.

Sustainalytics' Second-Party Opinion, while reflecting on the alignment of the Framework with market standards, is no guarantee of alignment nor warrants any alignment with future versions of relevant market standards. Furthermore, Sustainalytics' Second-Party Opinion addresses the anticipated impacts of eligible projects expected to be financed with bond proceeds but does not measure the actual impact. The measurement and reporting of the impact achieved through projects financed under the Framework is the responsibility of the Framework owner.

¹ The Green Bond Principles are administered by the International Capital Market Association and are available at <https://www.icmagroup.org/green-social-and-sustainability-bonds/green-bond-principles-gbp/>

² When operating multiple lines of business that serve a variety of client types, objective research is a cornerstone of Sustainalytics and ensuring analyst independence is paramount to producing objective, actionable research. Sustainalytics has therefore put in place a robust conflict management framework that specifically addresses the need for analyst independence, consistency of process, structural separation of commercial and research (and engagement) teams, data protection and systems separation. Last but not the least, analyst compensation is not directly tied to specific commercial outcomes. One of Sustainalytics' hallmarks is integrity, another is transparency.

In addition, the Second-Party Opinion opines on the potential allocation of proceeds but does not guarantee the realised allocation of the bond proceeds towards eligible activities.

No information provided by Sustainalytics under the present Second-Party Opinion shall be considered as being a statement, representation, warrant or argument, either in favour or against, the truthfulness, reliability or completeness of any facts or statements and related surrounding circumstances that JMF has made available to Sustainalytics for the purpose of this Second-Party Opinion.

Sustainalytics' Opinion

Section 1: Sustainalytics' Opinion on the Japan Metropolitan Fund Investment Corporation Green Bond Framework

Summary

Sustainalytics is of the opinion that the Framework is credible and impactful, and aligns with the four core components of the GBP. Sustainalytics highlights the following elements of the Framework:

- Use of Proceeds:
 - The eligible category defined in the Framework, Green Buildings, is recognized by the GBP. For additional information, please see Section 3 for Sustainalytics' assessment of positive environmental benefits of the use of proceeds.
 - JMF intends to allocate the proceeds to buildings that have received or will receive top three levels of DBJ Green Building Certification or CASBEE for Real Estate certification, or refurbishment that achieves the above-mentioned certifications. Sustainalytics has conducted an evaluation of these third-party certification schemes and considers them to be robust and credible (See Appendix 2 for additional details on these certification schemes). While Sustainalytics notes that buildings certified to the third level of these certification schemes to be expected to have some positive impact, Sustainalytics notes that it is market practice to include only the top two levels of these schemes as these levels provide greater assurance of positive impact.
 - "Eligible Green Projects" are defined in the Framework, in which the proceeds of the green bond will be allocated toward the acquisition of the existing and/or new assets that meet the above-mentioned eligibility criteria.
 - JMF intends to allocate proceeds to new and/or existing projects. The Framework has defined a look-back period and limits its investments towards green buildings that have received/renewed green-building certifications, within two years prior to the green bond issuance date.
- Project Evaluation and Selection:
 - Sustainability Committee of MC-UBS which is JMF's asset manager, will evaluate and select the eligible projects based on the eligibility criteria and Responsible Property Investment Policy. The committee is chaired by its Deputy President & Representative Director who serves as Chief Sustainability Officer and comprised of the President, Chief Operating Officer, heads of relevant divisions, and the ESG Promotion Office.
 - Based on the clear process with cross-divisional membership, Sustainalytics considers this process to be in line with market practice.
- Management of Proceeds:
 - MC-UBS will manage the proceeds of the bond through a portfolio approach and use the accounting system to ensure the total amount of outstanding green bonds does not exceed the debts of Eligible Green Projects, on an annual basis, while the green bonds are outstanding. The Investment Corporation intends to allocate the full amount of proceeds to eligible assets shortly after the green bond issuance. Pending allocation, an amount equal to the unallocated proceeds will be held in cash and cash equivalents.

- Based on the defined management approach, Sustainalytics considers this process to be in line with market practice.
- Reporting:
 - JMF intends to disclose information on the allocation and environmental performance on an annual basis, until the maturity of the green bond.
 - Allocation reporting will include the book value of all the Eligible Green Projects, debts of Eligible Green Projects, and the total amount of outstanding green bonds. JMF has confirmed that it will also include the amount or the share of unallocated proceeds, expected timing of allocation, and the temporary use of unallocated proceeds, in the event of unallocated proceeds.
 - Impact reporting will include quantitative environmental performance indicators including the number of buildings, total amount of floor space, CO₂ emission, water and electricity consumption as well as waste (non-hazardous waste/ hazardous waste) recycled of the Eligible Green Projects.
 - Based on the commitment to impact and allocation reporting, Sustainalytics views JMF's reporting commitments on allocation and environmental performance as in line with market practice.

Alignment with Green Bond Principles 2018

Sustainalytics has determined that the Framework aligns to the four core components of the GBP. For detailed information please refer to Appendix 3: Green Bond/Green Bond Programme External Review Form.

Section 2: Sustainability Strategy of Japan Metropolitan Fund Investment Corporation

Contribution of framework to Japan Metropolitan Fund Investment Corporation's sustainability strategy

JMF and MC-UBS Group demonstrates a commitment to sustainability with a focus on nine key sustainability areas: (i) Response to sustainability certifications, (ii) Building resilience, (iii) Response to climate change, (iv) Energy efficiency, (v) Ensuring of health and well-being of and convenience for people (tenants), (vi) Efficient water use, (vii) Waste disposal, (viii) Partnership with tenants, and (ix) Collaboration with local communities.³ Additionally, MC-UBS Group sets out its Responsible Property Investment (RPI) Policy,⁴ to articulate its commitment to integrate environmental and social considerations within its investment and asset management. In line with the key sustainability areas and RPI policy, JMF implements sustainability practices into its day-to-day business operations through the following initiatives:

- JMF's sustainability efforts on (iii) Response to climate change and (iv) Energy efficiency include a commitment to addressing to reduce the negative environmental impact of its properties and the Investment Corporation has collaborated with its tenants and implemented environmental and energy-saving initiatives, such as installing LED lighting and solar power. It sets out a target to reduce units of energy consumption by an average of 1% or more per year.⁵
- JMF aims to increase the proportion of third-party green buildings certifications within its portfolio, and MCUBS, through its RPI Policy, commits to considering obtaining green building certifications prior to refurbishment.⁶ ⁷ As of the end of February 2021, JMF has obtained third-party green building

³ Japan Metropolitan Fund Investment Corporation, "Sustainability", at: https://jmf-reit_sustainability_disclosure.site/en/

⁴ Mitsubishi Corp.-UBS Realty Inc., "Sustainability strategy" at: https://mc-ubs_sustainability_disclosure.site/en/themes/94/

⁵ Japan Metropolitan Fund Investment Corporation, "Sustainability", at: https://jmf-reit_sustainability_disclosure.site/en/

⁶ Japan Metropolitan Fund Investment Corporation, "Environmental Charter and Approvals", at: https://jmf-reit_sustainability_disclosure.site/en/themes/127/

⁷ Mitsubishi Corp.-UBS Realty Inc., "Sustainability strategy" at: https://mc-ubs_sustainability_disclosure.site/en/themes/94/

certifications including DBJ Green Building Certification, CASBEE for Real Estate certification, and BELS certification, for 57 of its 127 properties.⁸

Based on sustainability policies and initiatives described above, Sustainalytics believes that the Framework is aligned with the overall sustainability efforts of JMF and MC-UBS Group and that the planned use of proceeds will help JMF advance its sustainability strategy.

Well positioned to address common environmental and social risks associated with the projects

While the eligible category, Green Buildings, is recognized as impactful by the GBP, Sustainalytics also acknowledges that the eligible projects could also lead to negative environmental and social outcomes such as energy and water consumption, waste discharges, and negative impacts on the health of people resulting from exposure to hazardous substances. Sustainalytics highlights the following measures that JMF and MC-UBS possess to manage and mitigate potential risks:

- JMF measures and discloses the environmental performance of its properties which includes electricity, and water consumption, CO₂ emissions, volume of waste, and recycling rate. Additionally, JMF conducts an audit on waste disposal for properties with tenants that it directly manages to improve resource efficiency and the safe handling of hazardous waste.⁹ These environmental performance data of buildings and sustainability activities by JMF are monitored and discussed at MCUBS's Sustainability Committee held quarterly, and reported to the board of directors of MCUBS.¹⁰
- To maintain safety of buildings, JMF regularly acquires engineering reports for its properties from a third-party organization, which includes assessment on legal compliance and environmental risk factors in relation to asbestos, poly chlorinated biphenyls (PCB)s and soils. Moreover, JMF annually measures air quality of its properties to avoid asbestos dispersal in compliance with Japan's Building Administration Law. Regarding property acquisition, JMF stipulates within its internal guideline to exclude buildings with high risk of soil contamination or environmental damage risks such as liquefaction, land subsidence, flood, inundation, tsunami and landslide risks, as well as use and management of hazardous substances including asbestos, chlorofluorocarbons (CFCs) and PCBs.¹¹

Based on the above-mentioned procedures and processes, Sustainalytics is of the opinion that JMF has implemented sufficient measures and is well positioned to manage and mitigate environmental and social risks commonly associated with the eligible projects.

Section 3: Impact of Use of Proceeds

The use of proceeds category, Green Buildings, described in the Framework is recognized by the GBP as projects that produce positive environmental impacts. Sustainalytics summarizes the specific potential for positive environmental impacts in Japan as follows:

Importance of green buildings towards Japan's GHG reduction targets

In Japan, the residential and the commercial and others sectors related to buildings, accounts for approximately 30% of final energy consumption and total CO₂ emissions of the country.¹² ¹³ Given the significant contribution of buildings in the country's energy use and CO₂ emissions, the Japanese government has been working to strengthen energy-saving measures in buildings. For instance, the government promulgated the Act on the Improvement of Energy Consumption Performance of Buildings (Building Energy

⁸ Japan Metropolitan Fund Investment Corporation, "Environmental Charter and Approvals", at: <https://jmf-reit.sustainability.disclosure.site/en/themes/127/>

⁹ Japan Metropolitan Fund Investment Corporation, "Environmental Charter and Approvals", at: <https://jmf-reit.sustainability.disclosure.site/en/themes/127/>

¹⁰ MC-UBS Group, "ESG Report (January 2020)", at: https://www.midcity-reit.com/files/page/Sustainability/ESGReport/ESGReport_E.pdf

¹¹ Japan Metropolitan Fund Investment Corporation, "Environmental Charter and Approvals", at: <https://jmf-reit.sustainability.disclosure.site/en/themes/127/>

¹² Agency for Natural Resources and Energy, "FY2018 Energy Supply and Demand Report (Final Figures) (Japanese only)", at: https://www.enecho.meti.go.jp/statistics/total_energy/pdf/stte_029.pdf

¹³ Ministry of the Environment, "Greenhouse Gas Emissions in Fiscal Year 2018 (Final Figures) (Japanese only)", at: <https://www.env.go.jp/press/files/jp/113761.pdf>

Japan Metropolitan Fund Investment Corporation Green Bond Framework

Efficiency Act)¹⁴ in 2015, which provides regulatory measures for mandatory compliance with energy efficiency standards for large-scale non-residential buildings. Furthermore, Japan has committed to reduce greenhouse gas (GHG) emission by 26% by FY2030 against FY2013 baseline, and has set a target for the residential and the commercial and others sectors in relation to buildings to reduce CO₂ emissions by 40% during the same time frame.¹⁵ Following Prime Minister Yoshihide Suga's pledge to reduce GHG emissions to net zero by 2050, the Japanese government formulated action plans and identified buildings as one of the 14 priority areas for achieving carbon neutrality.^{16 17}

JMF intends to allocate green bonds proceeds to buildings that have received or will receive DBJ Green Building Certification or CASBEE for Real Estate certification, or refurbishment that achieves the certifications. The certification programs evaluate buildings based on energy-saving performance and a wide range of other environmental aspects including resource-saving performance in relation to water and waste, and consideration for the surrounding ecosystem.¹⁸

Considering the above, Sustainalytics expects that the use of proceeds of JMF's green bond will make positive contribution towards reducing environmental impact in the building sector while supporting Japan's goals in reducing GHG emissions.

Alignment with/contribution to SDGs

The Sustainable Development Goals (SDGs) were set in September 2015 and form an agenda for achieving sustainable development by the year 2030. This green bond advances the following SDG goal and target:

Use of Proceeds Category	SDG	SDG target
Green Buildings	9. Industry, innovation and infrastructure	9.4 By 2030, upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency and greater adoption of clean and environmentally sound technologies and industrial processes, with all countries taking action in accordance with their respective capabilities

Conclusion

JMF has developed the Japan Metropolitan Fund Investment Corporation Green Bond Framework under which it intends to issue green bonds and use the proceeds to finance and/or refinance projects that reduce the environmental footprint of its portfolio. JMF's eligibility criteria, defines the proceeds to be directed towards green buildings that have received, or plan to receive green building certifications by DBJ Green Building Certification or CASBEE for Real Estate. Sustainalytics considers the use of proceeds to be impactful by contributing to advance the Japanese government's efforts to improve the energy efficiency of building and meeting its climate commitments.

The Framework outlines a process by which proceeds will be tracked, allocated, and managed, and commitments have been made for reporting on the allocation and impact of the use of proceeds. Furthermore, Sustainalytics believes that the Framework is aligned with the overall policies and initiatives of JMF, and that the green use of proceeds will contribute to the advancement of SDG 9. Additionally, Sustainalytics considers that JMF has adequate measures to identify, manage and mitigate environmental and social risks commonly associated with the eligible projects funded by the green bond proceeds.

¹⁴ Institute for Building Environment and Energy Conservation, "Overview of the Act on the Improvement of Energy Consumption Performance of Buildings (Building Energy Efficiency Act)", at: <https://www.mlit.go.jp/common/001134876.pdf>

¹⁵ "Submission of Japan's Nationally Determined Contribution (NDC) (Japanese only)", at: <https://www.env.go.jp/press/files/jp/113664.pdf>

¹⁶ Prime Minister of Japan and His Cabinet, "Policy Speech by the Prime Minister to the 203rd Session of the Diet", at: https://japan.kantei.go.jp/99_suga/statement/202010/_00006.html

¹⁷ Ministry of Economy, Trade and Industry, "Green growth strategies associated with carbon neutrality in 2050 (Japanese only)", at: <https://www.meti.go.jp/press/2020/12/20201225012/20201225012-2.pdf>

¹⁸ Development Bank of Japan, Japan Real Estate Institute (JREI), "DBJ Green Building Certification Scoring model 2019 v1.3 (Japanese only)", at: http://igb.jp/contentsdata/pdf/score-seat2019v1_3.pdf

Based on the above, Sustainalytics is of the opinion that JMF is well-positioned to issue green bonds and that the Framework is robust, impactful, and aligned with the four core components of the GBP.

Appendices

Appendix 1: Framework Overview

For the purpose of issuing green bonds, JMF has developed the following Framework which addresses the four key core components of the GBP: use of proceeds, project evaluation and selection process, management of proceeds, and reporting, in April 2021. The Framework belongs to JMF, and a summary overview has been provided below.

1. Use of proceeds

The proceeds of the green bond will be allocated toward the acquisition of the existing and/or new assets that meet the following eligibility criteria (“Eligible Green Projects”) or refurbishment that meet the eligibility criteria, and/or toward refinancing the existing debts that have already been allocated to Eligible Green Projects

Eligibility Criteria

Category: Green Building

To be eligible for green bond proceeds, Eligible Green Projects must meet one of the following eligibility criteria:

- Buildings that have received 3, 4 or 5 Stars under the DBJ Green Building Certification Programme within the 24 months preceding the date of a green bond issuance and/or buildings that are expected to receive the certification post issuance. At the time of reporting, buildings which meet same criteria as of the end of February.
- Buildings that have received B+, A or S Rank under the CASBEE for Real Estate Programme within the 24 months preceding the date of a green bond issuance, and/or buildings that are expected to receive the certification post issuance. At the time of reporting, buildings which meet same criteria as of the end of February.

2. Process for project evaluation and selection

2.1 Application of Eligibility and Exclusionary Criteria in Project Selection

The eligible projects will be evaluated and selected by the Sustainability Committee of MC-UBS in accordance with its Responsible Property Investment Policy and based on compliance with the eligibility criteria. The Deputy President & Representative Director has been appointed as Chief Sustainability Officer (CSO). The Sustainability Committee is chaired by CSO, and is consisted of President, Chief Operating Officer (COO), the heads of each divisions and secretariat of which is ESG Promotion Office.

2.2 Environmental Objectives

JMF conducts its investment and operational activities in alignment with Responsible Property Investment Policy, which commits to integrating environmental and social considerations into investment and operation process. Additionally, through its Environmental Charter, JMF is committed to the following objectives:

- To reduce greenhouse gas emissions by continually implementing new efficiency measures and embracing new technologies,
- To promote the sustainable use of natural resources including energy, minerals, food stocks and water throughout our global business operations,
- To recognize the critical importance of what ecosystems can provide and be committed to protecting ecosystems and mitigating any potential impacts on biodiversity,
- To create and enhance environmental benefits by undertaking conservation activities and reducing its environmental footprint,
- To actively engage and work with its various stakeholders openly and transparently and disclose information on the environmental impacts of our business operations in an appropriate and timely manner,
- To conduct all of its activities in compliance with environmental laws while adhering to international rules and social standards.

2.3 Process to Mitigate Environmental and Social Risks

To address any environmental and social risks, the relevant data on buildings and the plan on sustainability activities for the relevant year will be shared, discussed and reviewed in the Sustainability Committee at MCUBS, which is comprised of its Deputy President as a chairman and held by a division being in charge of the ESG activities. Following the review and discussion, the committee may suggest the needs of improvement on activities and identify the measures to mitigate the environmental and social issues for the following fiscal year.

3. Management of Proceeds

JMF extracts the Eligible Green Projects from its portfolio and calculates the Debts of Eligible Green Projects by multiplying the total book value of the Eligible Green Projects by its book value LTV (Loan to Value / based on interest-bearing debt) ratio as of the end of its latest fiscal period. JMF will use the accounting system to monitor, on an annual basis, to ensure the total amount of outstanding green bonds does not exceed the Debts of Eligible Green Projects. Payment of principal and interest on the green bonds will be made from JMF's general funds and will not be directly linked to the performance of any Eligible Green Projects.

JMF will report that the net proceeds from the green bonds are fully allocated to the Eligible Green Projects. Net proceeds from the green bonds will be immediately, or shortly thereafter, allocated to the Eligible Green Projects or to the refinancing of existing debts, which have previously been allocated to the Eligible Green Projects. Pending the allocation of the net proceeds of green bonds to Eligible Green Projects, JMF will track and maintain an amount equal to the balance of unallocated green bond proceeds in cash and cash equivalents.

4. Reporting

4.1 Allocation reporting

JMF will disclose on its website that the proceeds of green bonds are fully allocated to the Eligible Green Projects, and that the total amount of outstanding bonds is not over the Debts of Eligible Green Projects. While the green bonds are outstanding, JMF will annually report on the book value of all the Eligible Green Projects and the Debts of Eligible Green Projects and the total amount of outstanding green bonds as of the end of February.

4.2 Impact reporting

JMF will disclose the following quantitative environmental performance indicators as of the end of February once a year on its website, as long as the green bonds are outstanding.


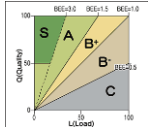
- The number of the buildings of the Eligible Green Projects, which have received top three levels of DBJ Green Building Certification or CASBEE for Real Estate Certification.
- The total amount of the floor space of the Eligible Green Projects
- The following quantitative indicators of the Eligible Green Projects (where JMF has energy control authority)
 - Electricity consumption
 - Water consumption
 - CO₂ emissions
 - Waste recycled (Non-hazardous waste/ Hazardous waste)

Appendix 2: Overview and Comparison of Green Building Certification Schemes

	DBJ Green Building Certification¹⁹	CASBEE Certification²⁰
Background	The Development Bank of Japan (DBJ) Green Building Certification Programme was launched by Development Bank of Japan in 2011 and is operated in conjunction with the Japan Real Estate Institute (JREI), a major appraisal firm in Japan. The certification scheme is recognized as one of Japan's major regional standards. The certification is available for office buildings, logistics, residential, and retail facilities.	The Comprehensive Assessment System for Built Environment Efficiency (CASBEE) Certification is a green building certification scheme in Japan, which a third party certifies the environmental performance of buildings. The certification scheme includes, based on types of buildings: CASBEE for Buildings, CASBEE for Real Estate, and CASBEE for Housing.
Certification levels	1 Star 2 Stars 3 Stars 4 Stars 5 Stars	C B- B+ A S * 4-grade evaluation for CASBEE for Real Estate excluding C rank
Areas of Assessment: Environmental Performance of the Building	<ul style="list-style-type: none"> • Energy & Resources (Energy conservation, resource conservation, etc.) • Amenity (Convenience and comfort) • Resilience (Environmental risks, legal compliance, etc.) • Community & Diversity (Consideration for the surrounding environment and biodiversity, etc.) • Partnership (information disclosure, etc.) 	<ul style="list-style-type: none"> • Energy Efficiency • Resource efficiency • Local environment • Indoor environment <p>* Areas for assessment of CASBEE for Real Estate are energy/GHG, water, resource, biodiversity, indoor environment</p>
Requirements	<p>Score-based performance level.</p> <p>The assessment has a full score of 300 points and consists of 85 questions, 73 of which are regular questions and 12 of which are questions on innovative initiatives.</p> <p>JREI will conduct on the ground review of building performance on the indicators above, and a committee set in JREI will decide the result of certification rank.</p>	<p>Score-based performance level.</p> <p>CASBEE uses the BEE (Built Environment Efficiency) as its assessment indicator, which is calculated from Q (Built Environment Quality) as the numerator and L (Built Environment Load) as the denominator. Q and L are obtained through the classification and rearrangement of the four areas of assessment.</p> <p>Buildings may receive ranks ranging from C (poor) to S (excellent), in order of increasing BEE value.</p> <p>* CASBEE for Real Estate does not use BEE, additional point system. Certification will not be given, if required item are not met.</p>

¹⁹ Development Bank of Japan, Japan Real Estate Institute (JREI), "DBJ Green Building", at: <http://igb.jp/en/index.html>.

²⁰ Institute for Building Environment and Energy Conservation, "CASBEE certification scheme (Japanese only)", at: <http://www.ibec.or.jp/CASBEE/certification/certification.html>.

<p>Performance display</p>	 <p>21</p>	 <p>22</p>
<p>Qualitative considerations</p>	<p>In addition to LEED and CASBEE, DBJ Green Buildings Certification Programme is considered as one of the green building standards in Japan. According to its website, as of March 2020, 902 properties in Japan are certified by the programme.²³</p>	<p>CASBEE is continuously developed based on industry-government-academia collaboration under the support of Ministry of Land, Infrastructure, Transport and Tourism. In Japan, many local governments have made CASBEE assessment results mandatory for building permits.</p>

²¹ Development Bank of Japan, “DBJ Green Building”, at: http://www.dbj.jp/en/pdf/service/finance/g_building/gb_presentation.pdf.

²² Institute for Building Environment and Energy Conservation, “Method of Evaluation and Built Environment Efficiency (BEE)”, at: http://www.ibec.or.jp/CASBEE/CASBEE_outline/method.html.

²³ Development Bank of Japan, Japan Real Estate Institute (JREI), “DBJ Green Building”, at: <http://igb.jp/en/index.html>.

Appendix 3: Green Bond / Green Bond Programme - External Review Form

Section 1. Basic Information

Issuer name:	Japan Metropolitan Fund Investment Corporation
Green Bond ISIN or Issuer Green Bond Framework Name, if applicable: <i>[specify as appropriate]</i>	Japan Metropolitan Fund Investment Corporation Green Bond Framework
Review provider's name:	Sustainalytics
Completion date of this form:	April 26, 2021
Publication date of review publication: <i>[where appropriate, specify if it is an update and add reference to earlier relevant review]</i>	

Section 2. Review overview

SCOPE OF REVIEW

The following may be used or adapted, where appropriate, to summarise the scope of the review.

The review assessed the following elements and confirmed their alignment with the GBPs:

- | | |
|--|--|
| <input checked="" type="checkbox"/> Use of Proceeds | <input checked="" type="checkbox"/> Process for Project Evaluation and Selection |
| <input checked="" type="checkbox"/> Management of Proceeds | <input checked="" type="checkbox"/> Reporting |

ROLE(S) OF REVIEW PROVIDER

- | | |
|---|--|
| <input checked="" type="checkbox"/> Consultancy (incl. 2 nd opinion) | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification | <input type="checkbox"/> Rating |
| <input type="checkbox"/> Other (<i>please specify</i>): | |

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

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

Please refer to Evaluation Summary above.

Section 3. Detailed review

Reviewers are encouraged to provide the information below to the extent possible and use the comment section to explain the scope of their review.

1. USE OF PROCEEDS

Overall comment on section (if applicable):

The eligible category for the use of proceeds Green buildings, is aligned with those recognized by the GBP. Sustainalytics considers that the eligible category will lead to positive environmental impacts and advance the UN Sustainable Development Goal (SDG) 9.

Use of proceeds categories as per GBP:

- | | |
|--|--|
| <input type="checkbox"/> Renewable energy | <input type="checkbox"/> Energy efficiency |
| <input type="checkbox"/> Pollution prevention and control | <input type="checkbox"/> Environmentally sustainable management of living natural resources and land use |
| <input type="checkbox"/> Terrestrial and aquatic biodiversity conservation | <input type="checkbox"/> Clean transportation |
| <input type="checkbox"/> Sustainable water and wastewater management | <input type="checkbox"/> Climate change adaptation |
| <input type="checkbox"/> Eco-efficient and/or circular economy adapted products, production technologies and processes | <input checked="" type="checkbox"/> Green buildings |
| <input type="checkbox"/> Unknown at issuance but currently expected to conform with GBP categories, or other eligible areas not yet stated in GBPs | <input type="checkbox"/> Other (please specify): |

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

2. PROCESS FOR PROJECT EVALUATION AND SELECTION

Overall comment on section (if applicable):

JMF's asset manager, Mitsubishi Corp.-UBS Realty Inc.'s (MC-UBS) Sustainability Committee will evaluate and select the eligible projects based on the eligibility criteria and Responsible Property Investment Policy. The committee is chaired by its Deputy President & Representative Director who serves as Chief Sustainability Officer and comprised of the President, Chief Operating Officer, heads of relevant divisions, and the ESG Promotion Office. Sustainalytics considers this process to be in line with market practice.

Evaluation and selection

- | | |
|--|--|
| <input checked="" type="checkbox"/> Credentials on the issuer's environmental sustainability objectives | <input checked="" type="checkbox"/> Documented process to determine that projects fit within defined categories |
| <input checked="" type="checkbox"/> Defined and transparent criteria for projects eligible for Green Bond proceeds | <input type="checkbox"/> Documented process to identify and manage potential ESG risks associated with the project |

- Summary criteria for project evaluation and selection publicly available Other (*please specify*):

Information on Responsibilities and Accountability

- Evaluation / Selection criteria subject to external advice or verification In-house assessment
- Other (*please specify*):

3. MANAGEMENT OF PROCEEDS

Overall comment on section (*if applicable*):

MC-UBS will manage the proceeds of the bond through a portfolio approach and use the accounting system to monitor to ensure the total amount of outstanding green bonds does not exceed the debts of eligible green projects, on an annual basis. Pending allocation, the amount equal to the unallocated proceeds will be held in cash and cash equivalents. Sustainalytics considers this process to be in line with market practice.

Tracking of proceeds:

- Green Bond proceeds segregated or tracked by the issuer in an appropriate manner
- Disclosure of intended types of temporary investment instruments for unallocated proceeds
- Other (*please specify*):

Additional disclosure:

- Allocations to future investments only Allocations to both existing and future investments
- Allocation to individual disbursements Allocation to a portfolio of disbursements
- Disclosure of portfolio balance of unallocated proceeds Other (*please specify*):

4. REPORTING

Overall comment on section (*if applicable*):

JMF intends to report on allocation of proceeds and environmental performance on its website on an annual basis until the maturity of the green bond. Allocation reporting will include, the book value of all the Eligible Green Projects, debts of Eligible Green Projects, and the total amount of outstanding green bonds. Impact reporting will include quantitative environmental performance indicators. Sustainalytics views JMF's allocation and impact reporting as aligned with market practice.

Japan Metropolitan Fund Investment Corporation Green Bond Framework

Use of proceeds reporting:

- Project-by-project
 On a project portfolio basis
- Linkage to individual bond(s)
 Other (please specify):

Information reported:

- Allocated amounts
 Green Bond financed share of total investment
- Other (please specify): The fact that the total amount of outstanding green bonds does not exceed the debts of Eligible Green Projects, the book value of all the Eligible Green Projects, debts of Eligible Green Projects, and the total amount of outstanding green bonds

Frequency:

- Annual
 Semi-annual
- Other (please specify):

Impact reporting:

- Project-by-project
 On a project portfolio basis
- Linkage to individual bond(s)
 Other (please specify):

Frequency:

- Annual
 Semi-annual
- Other (please specify):

Information reported (expected or ex-post):

- GHG Emissions / Savings
 Energy Savings
- Decrease in water use
 Other ESG indicators (please specify): Number of buildings and total amount of floor space of the Eligible Green Projects, Electricity consumption, Water consumption and Waste recycled

Means of Disclosure

- | | |
|---|---|
| <input type="checkbox"/> Information published in financial report | <input type="checkbox"/> Information published in sustainability report |
| <input type="checkbox"/> Information published in ad hoc documents | <input checked="" type="checkbox"/> Other (please specify): JMF's website |
| <input type="checkbox"/> Reporting reviewed (if yes, please specify which parts of the reporting are subject to external review): | |

Where appropriate, please specify name and date of publication in the useful links section.

USEFUL LINKS (e.g. to review provider methodology or credentials, to issuer's documentation, etc.)

SPECIFY OTHER EXTERNAL REVIEWS AVAILABLE, IF APPROPRIATE**Type(s) of Review provided:**

- | | |
|---|--|
| <input checked="" type="checkbox"/> Consultancy (incl. 2 nd opinion) | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification / Audit | <input type="checkbox"/> Rating |
| <input type="checkbox"/> Other (please specify): | |

Review provider(s):**Date of publication:****ABOUT ROLE(S) OF INDEPENDENT REVIEW PROVIDERS AS DEFINED BY THE GBP**

- i. Second Party Opinion: An institution with environmental expertise, that is independent from the issuer may issue a Second Party Opinion. The institution should be independent from the issuer's adviser for its Green Bond framework, or appropriate procedures, such as information barriers, will have been implemented within the institution to ensure the independence of the Second Party Opinion. It normally entails an assessment of the alignment with the Green Bond Principles. In particular, it can include an assessment of the issuer's overarching objectives, strategy, policy and/or processes relating to environmental sustainability, and an evaluation of the environmental features of the type of projects intended for the Use of Proceeds.
- ii. Verification: An issuer can obtain independent verification against a designated set of criteria, typically pertaining to business processes and/or environmental criteria. Verification may focus on alignment with internal or external standards or claims made by the issuer. Also, evaluation of the environmentally sustainable features of underlying assets may be termed verification and may reference external criteria. Assurance or attestation regarding an issuer's internal tracking method for use of proceeds, allocation of funds from Green Bond proceeds, statement of environmental impact or alignment of reporting with the GBP, may also be termed verification.
- iii. Certification: An issuer can have its Green Bond or associated Green Bond framework or Use of Proceeds certified against a recognised external green standard or label. A standard or label defines specific criteria, and alignment with such criteria is normally tested by qualified, accredited third parties, which may verify consistency with the certification criteria.
- iv. Green Bond Scoring/Rating: An issuer can have its Green Bond, associated Green Bond framework or a key feature such as Use of Proceeds evaluated or assessed by qualified third parties, such as specialised research providers or rating agencies, according to an established scoring/rating methodology. The output may include a focus on environmental performance data, the process relative to the GBP, or another benchmark, such as

a 2-degree climate change scenario. Such scoring/rating is distinct from credit ratings, which may nonetheless reflect material environmental risks.

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Named

2015: Best SRI or Green Bond Research or Rating Firm
2017, 2018, 2019: Most Impressive Second Opinion Provider

