

# Mitsui Fudosan Co., Ltd. (2022 Green Loan)

**Type of Engagement:** Allocation Review

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## Introduction

In September 2022, Mitsui Fudosan Co., Ltd. (“Mitsui Fudosan”) issued a green aimed at financing projects related to Green Buildings loan (JPY 8 billion Green Loan, hereinafter the “2022 Green Loan”). As of September 30, 2022, the proceeds were allocated to one green building project, Tokyo Midtown Hibiya. In October 2022, Mitsui Fudosan engaged Sustainalytics to review the project funded through the 2022 Green Loan and assess whether the project met the Use of Proceeds criteria outlined in the Green Finance Framework for Mitsui Fudosan Co., Ltd. (the “Framework”).<sup>1</sup>

## Evaluation Criteria

Sustainalytics evaluated the project funded with proceeds in 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 Loan execution, or are expected to receive prior to 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"> <li>▪ LEED: “Platinum” or “Gold”</li> <li>▪ BREEAM: “Outstanding” or “Excellent”</li> <li>▪ CASBEE for Buildings (New Construction, Existing Buildings, and Renovation) or CASBEE for Real Estate: “S” or “A”</li> <li>▪ DBJ Green Building Certification: “5” or “4”</li> <li>▪ BELS: “5” or “4”</li> <li>▪ BCA Green Mark Certification: “Platinum” or “Gold”</li> <li>▪ HQE: “Exceptional” or “Excellent”</li> <li>▪ DGNB: “Platinum” or “Gold”</li> <li>▪ Green Star: “6-star” or “5-star”</li> </ul> <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 &amp; Calculator” and/or “Location Specific Criteria for Residential Buildings &amp; Calculator”. New, existing or refurbished buildings that have been completed, refurbished or financed within the 24 months prior to the execution date of the Green Loan, or prior to the repayment due date of the Green Loan, are eligible.</p>

<sup>1</sup> 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](https://www.mitsui-fudosan.co.jp/english/corporate/esg_csr/pdf/2021/greenbond_eng.pdf)

	<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 CO<sub>2</sub> 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 execution date of the Green Loan, or prior to 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 2022 Green Loan 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,<sup>2</sup> nothing has come to Sustainalytics' attention that causes us to believe that, in all material respects, the reviewed loan project, funded through proceeds of Mitsui Fudosan Co., Ltd.'s 2022 Green Loan, is 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 2022 Green Loan were fully allocated as at September 30, 2022.

<sup>2</sup> 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
<b>Use of Proceeds Criteria</b>	Verification of the project funded by the 2022 Green Loan in September 2022 to determine if the project aligned with the Use of Proceeds Criteria outlined in the Green Finance 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 Loan Proceeds

Use of Proceeds Category	Overview of Project	Net Loan Proceeds Allocation (billion JPY)
<b>Green Buildings</b>	Investment in Tokyo Midtown Hibiya, a mixed-use building consisting of offices, commercial facilities, and business collaboration centers. The building received the highest “Five-Star” rating in the DBJ Green Building Certification <sup>3</sup> .	8
<b>Total Net Loan Proceeds Allocated:</b>		8
<b>Total Net Loan Proceeds Unallocated:</b>		0
<b>Total Net Loan Proceeds from Green Loan execution:</b>		8

<sup>3</sup> DBJ Green Building Certification, at: <http://igb.jp/en/about.html>

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