



Second-Party Opinion

PPFA Japan VI TMK Green Loan Framework

Evaluation Summary

Sustainalytics is of the opinion that the PPFA Japan VI TMK Green Loan Framework is credible and impactful and aligns with the four core components of the Green Loan Principles 2021. 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 Green Loan Principles 2021. Sustainalytics considers that investments in the eligible category will lead to positive environmental impacts and advance the UN Sustainable Development Goals, specifically SDG 9.



PROJECT EVALUATION / SELECTION PPFA Japan VI TMK’s internal process in evaluating and selecting projects will be executed in collaboration with Morgan Stanley Capital K.K. and Nomura Real Estate Asset Management Co., Ltd. Senior management representatives and professionals from Morgan Stanley Capital K.K. and Nomura Real Estate Asset Management Co., Ltd. will review and confirm that the candidate project, Yokohama Nomura Building, is in line with the eligibility criteria defined by the Framework. The final decision will be made by the specified equity member of PPFA Japan VI TMK at its member’s general meeting. PPFA Japan VI TMK has in place environmental and social risk management processes that are applicable to all allocation decisions made under the Framework. Sustainalytics considers the project evaluation and selection process to be in line with market practice.



MANAGEMENT OF PROCEEDS Morgan Stanley Capital K.K.’s Investment Controller team will track and manage allocated and unallocated amounts of the green loan proceeds using electronic files. Pending allocation, the unallocated proceeds will be held in cash or cash equivalents. PPFA Japan VI TMK’s process for management of proceeds is in line with market practice.



REPORTING PPFA Japan VI TMK intends to report on allocation of proceeds to its lenders on an annual basis until full repayment. In addition, PPFA Japan VI TMK is also committed to reporting on relevant quantitative impact metrics such as electricity and water consumption as well as qualitative information regarding environmental initiatives to both its lenders and its investors until full repayment. Sustainalytics views PPFA Japan VI TMK’s allocation and impact reporting as aligned with market practice.

Evaluation date	March 24, 2022
Issuer Location	Tokyo, Japan

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Introduction

PPFA Japan VI TMK (“PPFA Japan VI”, or the “Company”) is a specific purpose company (*tokutei mokuteki kaisha*) established under an Asia-focused private real estate fund (“Fund”) advised by Morgan Stanley Real Estate Investing (MSREI), and Morgan Stanley Capital K.K. (“MSC”), which provides advisory services for real estate investment in Japan as part of Morgan Stanley’s asset management arm, Morgan Stanley Investment Management (“MSIM”), serves as an investment advisor for PPFA Japan VI.

PPFA Japan VI has been established to acquire Yokohama Nomura Building, a 17-story office building developed by Nomura Real Estate Development Co., Ltd. in 2017 in Yokohama, Japan. MSC and Nomura Real Estate Asset Management Co., Ltd. (“NREAM”), which is 100% owned by Nomura Real Estate Holdings, Inc., engage in the management of this asset as joint asset advisors. PPFA Japan VI is headquartered in Tokyo with a representative director.

PPFA Japan VI has developed the PPFA Japan VI TMK Green Loan Framework (the “Framework”) under which it intends to obtain green loans and use the proceeds to finance the investment of, in whole or in part, Yokohama Nomura Building, which generates environmental benefits. The Framework defines eligibility criteria in the following area:

1. Green Building

PPFA Japan VI engaged Sustainalytics to review the PPFA Japan VI TMK Green Loan Framework, dated March 2022, and provide a Second-Party Opinion on the Framework’s environmental credentials and its alignment with the Green Loan Principles 2021 (GLP).¹ This Framework has been published in a separate document.

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 GLP, as administered by LMA, APLMA and LSTA;
- 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 1.11.2, 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 MSC and NREAM 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. MSC and NREAM representatives have confirmed (1) they understand it is the sole responsibility of MSC and NREAM 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, MSC, and NREAM.

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 loan 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. The Second-Party Opinion is valid for issuances aligned with

¹ The Green Loan Principles are administered by the Loan Market Association, Asia Pacific Loan Market Association and Loan Syndications & Trading Association and are available at <https://www.lsta.org/content/green-loan-principles/>

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.

the respective Framework for which the Second-Party Opinion was written for a period of twenty-four (24) months from the evaluation date stated herein.

In addition, the Second-Party Opinion opines on the potential allocation of proceeds but does not guarantee the realised allocation of the loan 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 MSC and NREAM have made available to Sustainalytics for the purpose of this Second-Party Opinion.

Sustainalytics' Opinion

Section 1: Sustainalytics' Opinion on the PPFA Japan VI TMK Green Loan Framework

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

- Use of Proceeds:
 - The eligible category – Green Buildings – is recognized by the GLP as a project category that provides clear environmental benefits. Please see Section 3 for Sustainalytics' assessment on the impact of the use of proceeds.
 - The proceeds from green loans are intended to exclusively finance the acquisition of Yokohama Nomura Building, a 17-story office building located in Yokohama, Japan. Under the Framework, PPFA Japan VI defines the eligibility criteria for the use of proceeds as CASBEE Real Estate (A Rank or above) or LEED BD+C (Gold or above). Sustainalytics considers that the establishment of eligibility criteria which limit the use of proceeds to properties with top two levels of the aforementioned certification schemes is in line with market practice, as it will ensure the allocation of proceeds to green buildings that generate positive environmental impacts (refer to the details of the certification schemes in Appendix 1).
 - As Yokohama Nomura Building has obtained CASBEE Real Estate S Rank and LEED BD+C Gold, the asset is considered to fulfill the eligibility criteria.
- Project Evaluation and Selection:
 - Senior management representatives and professionals from MSC and NREAM will review and confirm that the candidate project, Yokohama Nomura Building, is in line with the eligibility criteria defined by the Framework. The final decision will be made by the specified equity member of PPFA Japan VI at its member's general meeting.
 - MSC and NREAM have in place environmental and social risk management processes and the processes are applied to the allocation decision by PPFA Japan VI. Sustainalytics considers these processes to be adequate. Refer to Section 2 for additional details.
 - Based on the clear delineation of responsibility for project evaluation and selection, Sustainalytics considers the processes to be in line with market practice.
- Management of Proceeds:
 - MSC's Investment Controller team will track and manage allocated and unallocated amounts of the green loan proceeds using electronic files. Pending allocation, the unallocated proceeds will be held in cash or cash equivalents. PPFA Japan VI intends to allocate the full amount of the proceeds to the project, Yokohama Nomura Building, as soon as possible after the green loan's execution date.
 - All funding instructions and relevant transaction documents will be stored by MSC and NREAM in accordance with their internal rules and regulations.
 - Based on the defined allocation timeframe and disclosure around management method for unallocated proceeds, Sustainalytics views this process to be in line with market practice.
- Reporting:
 - PPFA Japan VI intends to report on the allocation of the proceeds and environmental benefits at least annually until the full repayment of green loan proceeds. Information related to the allocation will be gathered by MSC and NREAM, while Nomura Real Estate Development Co., Ltd. and Nomura Real Estate Partners Co., Ltd. will compile and manage the information pertaining to environmental benefits. The reporting itself will be disclosed by NREAM on behalf of PPFA Japan VI.

- Allocation reporting, which covers the amount of allocated proceeds, will only be disclosed to the lenders that extend green loans to the Company in a document added to its ESG Report.
- Impact reporting will provide relevant metrics such as the consumption of electricity, water, steam, gas, and clean water as well as the amount of waste. For energy consumption, environmental improvement effects against previous year (in terms of crude oil equivalent) will also be disclosed. In addition, qualitative information regarding environmental initiatives such as decarbonization action planning will also be reported on. The impact reporting will be released in the Company's ESG Report to MSC at a monthly meeting, and will also be shared with the lenders on an annual basis.
- Based on PPFA Japan VI's commitment to report on the allocation as well as environmental benefits, Sustainalytics considers the Company's reporting to be aligned with market practice.

Alignment with Green Loan Principles 2021

Sustainalytics has determined that the PPFA Japan VI TMK Green Loan Framework aligns to the four core components of the GLP.

Section 2: Sustainability Strategy of MSIM/MSC and NREAM

Contribution of the Framework to MSIM/MSC and NREAM's sustainability strategy

MSIM is committed to investment decision-making based on ESG factors, aiming to promote its sustainability initiatives as well as better investment performance. MSIM focuses on the following sustainability areas³ in its operations, namely theme research, corporate engagement and stewardship activities: (i) Decarbonization & Climate Risk, (ii) Circular Economy & Waste Reduction, (iii) Diverse & Inclusive Business, and (iv) Decent Work and Resilient Jobs. Sustainalytics views positively the alignment of the Framework with the MSIM's efforts in (i) Decarbonization & Climate Risk, and (ii) Circular Economy & Waste Reduction. MSC aims to contribute to the MSIM's sustainability initiatives by investing in the green Yokohama Nomura Building through its Fund.

NREAM has also set its Sustainability Policy that includes the following key ESG initiatives⁴: (i) Efforts to save energy and create energy, (ii) Efforts to save resources and reduce waste, (iii) Efforts for safety and security as well as improvement of the level of customer satisfaction, (iv) Efforts to develop in-house systems and educate executives and employees, (v) Collaboration with outside stakeholders, and (vi) Information disclosure to investors, etc. NREAM intends to incorporate these ESG considerations into its real estate investment management services to enhance unitholders' value over the medium- to long-term. Out of the six initiatives, (i) Efforts to save energy and create energy, and (ii) Resource saving and waste reduction will be promoted through its management of Yokohama Nomura Building.

Sustainalytics is of the opinion that the Framework is aligned with MSIM/MSC and NREAM's overall sustainability strategy and initiatives and will further their action on their key environmental priorities.

Approach to managing environmental and social risks associated with the project

While Sustainalytics recognizes that the net proceeds from the loan borrowed under the Framework will be directed towards Yokohama Nomura Building, which is expected to have positive environmental impact, Sustainalytics is aware that the project could also lead to negative environmental and social outcomes. Some key environmental and social risks associated with the project could include energy and water consumption, waste emissions, and adverse effects on people's health due to exposure to harmful substances.

Sustainalytics is of the opinion that PPFA Japan VI is able to manage and/or mitigate potential risks through implementation of the following:

- To reduce environmental load associated with the operation of the property, PPFA Japan VI measures and monitors energy consumption, water usage, and the amount of waste with the support from NREAM, Nomura Real Estate Development (property manager), and Nomura Real Estate Partners (building manager). In cases of increase in environmental load, MSC and NREAM have stated to Sustainalytics that a causal analysis, which leads to future improvement measures, will be conducted.
- In order to reduce environmental risks and ensure safety and health, MSC and NREAM conduct due diligence, including property inspections, at the time of acquisition of the property to confirm that no soil contamination exists, and no harmful substances such as asbestos, polychlorinated

³ Morgan Stanley, "Sustainable Investing", at: <https://www.morganstanley.com/im/en-us/institutional-investor/about-us/sustainable-investing.html>

⁴ Nomura Real Estate Asset Management Co., Ltd., "Sustainability Policy", at: <https://www.nre-am.co.jp/english/sustainability/sustainability.html>

biphenyls (PCBs), and chlorofluorocarbons are used. For objectivity and transparency, MSC and NREAM also outsource environmental impact assessment to a third-party. If the building could have a negative impact on the environment, PPFA Japan VI would withdraw from the acquisition of the property, or acquire it after ensuring associated risks are eliminated through additional research and implementation of risk management measures such as additional construction. For Yokohama Nomura Building, MSC and NREAM have stated to Sustainalytics that they conducted due diligence and confirmed that the abovementioned environmental and social issues were not identified.

Based on the procedures and processes, Sustainalytics is of the opinion that PPFA Japan VI has in place adequate measures and is well-positioned to manage and mitigate environmental and social risks associated with the planned use of proceeds.

Section 3: Impact of Use of Proceeds

The use of proceeds category, Green Building, described in the Framework is aligned with those recognized by the GLP. Sustainalytics explains the environmental benefits of the project in Japan in the following section.

Importance of Green Buildings

During 2010-2019, the world's final energy consumption by buildings rose by around 8% and reached 128 exajoule (EJ). As a result, CO₂ emissions from buildings (indirect emissions from power generation are considered) reached a record high of 10 Gt in 2019, accounting for 28% of the world's total emissions.⁵ The floor area of the world's buildings has been increasing at an annual rate of around 2.5% since 2010. On the other hand, energy consumption per unit of building floor (final energy consumption per square meter) has been decreasing at an annual rate of 0.5-1.0%, indicating a lower energy efficiency improvement rate compared to the increase in floor area.⁶ In the "Sustainable Development Scenario (SDS),"⁷ which was published by the International Energy Agency (IEA) to describe the steps to achieve the Paris Agreement climate goals, the IEA explained that energy consumption per unit must be reduced by at least 2.5% annually to limit the temperature rise to 1.5°C. Therefore, it is indispensable for countries to improve new and existing buildings' energy efficiency to address climate change.

In Japan, as of the fiscal year (FY) 2019, the final energy consumption by buildings increased by approximately 20% compared to the level in FY1990,⁸ and CO₂ emissions accounted for approximately 30% of Japan's total emissions.^{9,10} Given the share of buildings in the country's energy demand and CO₂ emissions, the Japanese government enforced the Act on the Improvement of Energy Consumption Performance of Buildings (Building Energy Efficiency Act)¹¹ in 2015, and has been striving to improve the energy efficiency of buildings. Some of these initiatives include mandating buildings to meet energy efficiency standards in stages. Furthermore, in its Nationally Determined Contribution (NDC) submitted in 2021, in which Japan pledged to reduce its GHG emissions by 46% by FY2030 from the FY2013 level, the government set the goal of reducing CO₂ emissions by approximately 60% for buildings (residential, commercial, and others), toward the achievement of the nation's FY2030 GHG emissions reduction target.¹²

Under the Green Building category, PPFA Japan VI intends to allocate green loan proceeds to Yokohama Nomura Building. Given the above, Sustainalytics is of the opinion that PPFA Japan VI's intended proceeds under the Green Building category is expected to improve the environmental impact of the buildings in Japan and support the achievement of Japan's climate target through the reduction of energy consumption as well as CO₂ emissions from buildings.

⁵ International Energy Agency (IEA), "Tracking Buildings 2020", at: <https://www.iea.org/reports/tracking-buildings-2020>

⁶ International Energy Agency (IEA), "Tracking Buildings 2020", at: <https://www.iea.org/reports/tracking-buildings-2020>

⁷ International Energy Agency (IEA), "Report extract Sustainable Development Scenario", at: <https://www.iea.org/reports/world-energy-model/sustainable-development-scenario>

⁸ Ministry of the Environment, "Greenhouse Gas Emissions in Fiscal Year 2019 (Final Figures) (Japanese only)", at: <https://www.env.go.jp/press/files/jp/116118.pdf>

⁹ The combined data for the residential sector and commercial and other sector are referred to as the final energy consumption and CO₂ emissions for buildings.

¹⁰ Ministry of Land, Infrastructure, Transport and Tourism, "Overview of the Act on the Improvement of Energy Consumption Performance of Buildings", at: <http://www.mlit.go.jp/common/001134876.pdf>

¹¹ Ministry of Land, Infrastructure, Transport and Tourism, "Overview of the Act on the Improvement of Energy Consumption Performance of Buildings", at: <http://www.mlit.go.jp/common/001134876.pdf>

¹² "Japan's Nationally Determined Contribution (NDC)" at: https://www.env.go.jp/earth/ndc/JAPAN_NDC.pdf

Alignment with/contribution to SDGs

The Sustainable Development Goals (SDGs) were set in September 2015 by the United Nations General Assembly and form an agenda for achieving sustainable development by the year 2030. The loans issued under the PPFA Japan VI TMK Green Loan Framework advance the following SDG 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


PPFA Japan VI TMK has developed the PPFA Japan VI TMK Green Loan Framework under which it may obtain green loans and use the proceeds to finance the investment of Yokohama Nomura Building. Sustainalytics considers that the project funded by the green loan proceeds are expected to provide positive environmental impact.

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 sustainability strategy of MSIM/MSC and NREAM and that the green use of proceeds category will contribute to the advancement of the UN Sustainable Development Goal 9. Additionally, Sustainalytics is of the opinion that PPFA Japan VI has adequate measures to identify, manage and mitigate environmental and social risks commonly associated with the eligible projects funded by the proceeds.

Based on the above, Sustainalytics is confident that PPFA Japan VI is well-positioned to obtain green loans and that the Framework is robust, transparent, and in alignment with the four core components of the Green Loan Principles 2021.

Appendices

Appendix 1: Overview of Green Building Certification Schemes

	CASBEE Certification ¹³	LEED ¹⁴
Background	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.	Leadership in Energy and Environmental Design (LEED) is a US Certification System for residential and commercial buildings used worldwide. LEED was developed by the non-profit U.S. Green Building Council (USGBC) and covers the design, construction, maintenance and operation of buildings.
Certification levels	C (Poor) B- (Slightly Poor) B+ (Good) A (Very Good) S (Excellent) * 4-grade evaluation for CASBEE for Real Estate excluding C rank	Certified Silver Gold Platinum
Areas of Assessment	<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>	<ul style="list-style-type: none"> • Energy and atmosphere • Sustainable Sites • Location and Transportation • Materials and resources • Water efficiency • Indoor environmental quality • Innovation in Design • Regional Priority
Requirements	Score-based performance level. 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. * CASBEE for Real Estate does not use BEE, additional point system. Certification will not be given, if required item are not met.	Prerequisites (independent of level of certification) + Credits with associated points. These points are then added together to obtain the LEED level of certification. There are several different rating systems within LEED. Each rating system is designed to apply to a specific sector (e.g. New Construction, Major Renovation, Core and Shell Development, Schools- /Retail-/Healthcare New Construction and Major Renovations, Existing Buildings: Operation and Maintenance).
Performance display		 Platinum 80+ points earned 16

¹³ Institute for Building Environment and Energy Conservation, "CASBEE certification scheme (Japanese only)", at: <http://www.ibec.or.jp/CASBEE/certification/certification.html>

¹⁴ U.S. Green Building Council (USGBC), "LEED rating system", at: <https://new.usgbc.org/leed>

¹⁵ 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

¹⁶ U.S. Green Building Council, "Green building leadership is LEED", at: <https://new.usgbc.org/leed>

Appendix 2: Green Loan / Green Loan Programme - External Review Form

Section 1. Basic Information

Issuer name:	PPFA Japan VI TMK
Issuer Green Loan Framework Name, if applicable:	PPFA Japan VI TMK Green Loan Framework
Review provider's name:	Sustainalytics
Completion date of this form:	March 24, 2022
Publication date of review publication:	

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 GLP:

- | | |
|--|--|
| <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 Green Loan Principles 2021. Sustainalytics considers that investments in the eligible category will lead to positive environmental impacts and advance the UN Sustainable Development Goals, specifically SDG 9.

Use of proceeds categories as per GLP:

- | | |
|---|--|
| <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 GLP categories, or other eligible areas not yet stated in GLP | <input type="checkbox"/> Other (<i>please specify</i>): |

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

2. PROCESS FOR PROJECT EVALUATION AND SELECTION

Overall comment on section (if applicable):

PPFA Japan VI's internal process in evaluating and selecting projects will be executed in collaboration with MSC and NREAM. Senior management representatives and professionals from MSC and NREAM will review and confirm that the candidate project, Yokohama Nomura Building, is in line with the eligibility criteria defined by the Framework. The final decision will be made by the specified equity member of PPFA Japan VI at its member's general meeting. PPFA Japan VI has in place environmental and social risk management processes that are applicable to all allocation decisions made under the Framework. Sustainalytics considers the project evaluation and selection 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 Loan proceeds | <input checked="" type="checkbox"/> Documented process to identify and manage potential ESG risks associated with the project |
| <input checked="" type="checkbox"/> Summary criteria for project evaluation and selection publicly available | <input type="checkbox"/> Other (<i>please specify</i>): |

Information on Responsibilities and Accountability

- | | |
|--|--|
| <input checked="" type="checkbox"/> Evaluation / Selection criteria subject to external advice or verification | <input type="checkbox"/> In-house assessment |
| <input type="checkbox"/> Other (<i>please specify</i>): | |

3. MANAGEMENT OF PROCEEDS

Overall comment on section *(if applicable)*:

MSC' Investment Controller team will track and manage allocated and unallocated amounts of the green loan proceeds using electronic files. Pending allocation, the unallocated proceeds will be held in cash or cash equivalents. PPFA Japan VI's process for management of proceeds is in line with market practice.

Tracking of proceeds:

- Green Loan 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:

- | | |
|---|--|
| <input checked="" type="checkbox"/> Allocations to future investments only | <input type="checkbox"/> Allocations to both existing and future investments |
| <input type="checkbox"/> Allocation to individual disbursements | <input type="checkbox"/> Allocation to a portfolio of disbursements |
| <input checked="" type="checkbox"/> Disclosure of portfolio balance of unallocated proceeds | <input type="checkbox"/> Other <i>(please specify)</i> : |

4. REPORTING

Overall comment on section *(if applicable)*:

PPFA Japan VI intends to report on allocation of proceeds to its lenders on an annual basis until full repayment. In addition, PPFA Japan VI is also committed to reporting on relevant quantitative impact metrics such as electricity and water consumption as well as qualitative information regarding environmental initiatives to both its lenders and its investors until full repayment. Sustainalytics views PPFA Japan VI's allocation and impact reporting as aligned with market practice.

Use of proceeds reporting:

- | | |
|--|--|
| <input checked="" type="checkbox"/> Project-by-project | <input type="checkbox"/> On a project portfolio basis |
| <input type="checkbox"/> Linkage to individual loan(s) | <input type="checkbox"/> Other <i>(please specify)</i> : |

Information reported:

- | | |
|--|--|
| <input checked="" type="checkbox"/> Allocated amounts | <input type="checkbox"/> Green Loan financed share of total investment |
| <input type="checkbox"/> Other <i>(please specify)</i> : | |

Frequency:

- | | |
|--|--------------------------------------|
| <input checked="" type="checkbox"/> Annual | <input type="checkbox"/> Semi-annual |
| <input type="checkbox"/> Other <i>(please specify)</i> : | |

Impact reporting:

- | | |
|--|---|
| <input checked="" type="checkbox"/> Project-by-project | <input type="checkbox"/> On a project portfolio basis |
| <input type="checkbox"/> Linkage to individual loan(s) | <input type="checkbox"/> Other (please specify): |

Information reported (expected or ex-post):

- | | |
|---|--|
| <input type="checkbox"/> GHG Emissions / Savings | <input checked="" type="checkbox"/> Energy Savings |
| <input checked="" type="checkbox"/> Decrease in water use | <input checked="" type="checkbox"/> Other ESG indicators (please specify): The consumption of electricity, water, steam, gas, and clean water as well as the amount of waste. Energy consumption (crude oil equivalent) compared to the previous year (kℓ) |
- Qualitative information regarding environmental initiatives such as decarbonization action planning

Frequency

- | | |
|---|--------------------------------------|
| <input checked="" type="checkbox"/> Annual | <input type="checkbox"/> Semi-annual |
| <input checked="" type="checkbox"/> Other (please specify):
Monthly reporting to MSC, the investor | |

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): PPFA Japan VI's ESG Report |
| <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 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 GLP

- 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 Loan 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 Loan 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 Loan proceeds, statement of environmental impact or alignment of reporting with the GLP, may also be termed verification.
- iii. **Certification:** An issuer can have its Green Loan or associated Green Loan 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 Loan Scoring/Rating:** An issuer can have its Green Loan, associated Green Loan 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 GLP, 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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