

# GREEN BOND / GREEN BOND PROGRAMME INDEPENDENT EXTERNAL REVIEW FORM

## Section 1. Basic Information

Issuer name:	Mitsubishi UFJ Trust and Banking Corporation
Green Bond ISIN or Issuer Green Bond Framework Name, if applicable:	DREAM Private REIT Inc. Green Trust Beneficiary Interests
Independent External Review provider's name:	Japan Credit Rating Agency, Ltd.
Completion date of this form:	January 31, 2020
Publication date of review publication:	January 31, 2020

## 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 Independent External REVIEW PROVIDER

- |  |  |
|--|--|
| <input type="checkbox"/> Second Party Opinion    | <input type="checkbox"/> Certification             |
| <input type="checkbox"/> Verification            | <input checked="" type="checkbox"/> Scoring/Rating |
| <input type="checkbox"/> Other (please specify): |  |

*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)

Mitsubishi UFJ Trust and Banking Corporation (MUTB) was founded in 1927 and merged with UFJ Trust and Banking Corporation in 2005. MUTB is the core company of the Mitsubishi UFJ Financial Group (the “Group”), The Mitsubishi UFJ Financial Group, to which MUTB belongs, is a conglomerate financial group with financial subsidiaries such as MUFG Bank, Ltd., MUTB, and Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. under the control of the holding company. The Group has the largest consolidated assets in Japan. As the only financial institution with trust functions within the Group, MUTB is actively working to resolve issues related to ESG, particularly environmental issues, based on the Group's environmental policies, such as MUFG Environmental Policy and MUFG Environmental and Social Policy Framework.

The subject of the evaluation is the trust beneficiary rights (the “Trust Beneficiary Rights”) issued by MUTB which are backed by loan (the “Loan”) that MUFG Bank, Ltd. (MUFG Bank) lends to DREAM Private REIT Inc. (“DPR”). The use of the proceeds of the Loan is the refinance for the acquisition of a logistics facility (DPR Hiratsuka Logistics Center) owned by DPR.

MUFG Bank executes the Loan to DPR, and immediately transfers it to MUTB. MUTB issues the Trust Beneficiary Rights backed by the Loan receivables. MUFG Bank transfers the Trust Beneficiary Rights to investors. During the term of the Loan, MUFG Bank, as a servicer, collects principal and interest from DPR and MUTB distributes the interest and redeems the principal to investors. JCR assigned “Green1”, highest evaluation on JCR's Green Loan Evaluation to the Loans. MUTB refers this to confirm the greenness of the use of proceeds.

JCR confirmed that the management and operation system was appropriately organized and highly transparent due to the issuance that the proceeds of the Trust Beneficiary Rights was appropriately paid in accordance with the methods stipulated in the various agreements relating to the matter, including the trust agreement, that the fund management for the Trust Beneficiary Rights was conducted in an appropriate manner within the trust account, and that the reporting system for investors was appropriately established.

From the above, based on JCR Green Finance Evaluation Methodology, JCR assigned "g1" for the "Greenness Evaluation (Use of Proceeds)" and "m1" for the "Management, Operation and Transparency Evaluation."

Consequently, JCR assigns "Green 1" as an overall “JCR Green Bond Evaluation” to the Trust Beneficiary Rights.

The Trust Beneficiary Rights meets the standards required by the Green Bond Principles and the Ministry of the Environment's Green Bond Guidelines.

<https://www.jcr.co.jp/en/greenfinance/>

## 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):**

#### **a. On the environmental improvement effects of the project**

- i. 100% of proceeds will be for refinancing of the loan to acquire an existing "Green Building" which have environmental improvement effect.
- ii. The use of proceeds falls under the category of green projects defined in the Green Bond Principles or the Green Bond Guidelines of the Ministry of the Environment of Japan that are "energy efficiency" or "green buildings which meet regional, national or internationally recognised standards or certifications".

#### **b. Negative impact on Environment**

Diamond Realty Management Inc. (DRM), an asset management company of DPR, considers whether to acquire properties by conducting due diligence when acquiring properties at DPR. At the due diligence of the property, risks such as defects, soil contamination, and problems with tenants are examined. DPR Hiratsuka Logistics Center, which is subject to the use of proceeds, has also been acquired through this process, and no negative impact on the environment has been confirmed. MUTB has judged that the negative impact on the environment is small, referring to the results of due diligence by DRM.

### Use of proceeds categories as per GBP:

- |  |  |
|--|--|
| <input type="checkbox"/> Renewable energy  | <input checked="" 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                                       | <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):

The Company has established clear environmental objectives, project selection criteria, and processes for the use of proceeds.

Such matters are disclosed in the JCR's evaluation report.

### 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 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 (please specify) :   |

### Information on Responsibilities and Accountability

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

## 3. MANAGEMENT OF PROCEEDS

### Overall comment on section (if applicable) :

The proceeds of the Trust Beneficiary Rights shall be appropriated to the refinancing of DPR Hiratsuka Logistics Center through the Loan.

As it is clearly stipulated in the loan agreement and the trust agreement that the issuance of the Trust Beneficiary Rights is effectively directed to refinancing the funds for the acquisition of the logistics facility, no traceability management is required.

Transactions until the Trust Beneficiary Rights is delivered and transferred to the investor are clearly stipulated in the agreements. Therefore, JCR evaluates that controls are secured as long as businesses are conducted in accordance with the agreements.

### Tracking of proceeds:

- |  |
|--|
| <input checked="" type="checkbox"/> Green Bond proceeds segregated or tracked by the issuer in an appropriate manner |
| <input type="checkbox"/> Disclosure of intended types of temporary investment instruments for unallocated proceeds   |
| <input type="checkbox"/> Other (please specify):   |

### Additional disclosure:

- |  |  |
|--|--|
| <input 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 type="checkbox"/> Disclosure of portfolio balance of unallocated proceeds | <input checked="" type="checkbox"/> Other (please specify) :<br>Allocations only to existing investments |

## 4. REPORTING

**Overall comment on section (if applicable):**

### **a. Reporting on proceeds allocation**

As confirmed in the preceding section, the funds procured through the Trust Beneficiary Rights will be heading toward refinancing of the acquisition funds for the logistics facility, and therefore no reporting of the unallocated funds is anticipated during the period.

The subjects for the use of proceeds during the period will be monitored by the Structured Finance Division of MUTB and the Solution Products Division (Real Estate Finance Department) of MUFG Bank. In the event of a significant change, such as the sale of the property subject to the use of proceeds, DPR will notify the MUFG Bank and MUTB. In addition, MUTB will disclose information to investors as trustees.

### **b. Impact reporting for environmental benefits**

The outline of the logistics facility for which proceeds of the Trust Beneficiary Rights will be used is described in Phase 1 of this report.

DRM plans to disclose the following environmental benefits under its Green Finance Framework. MUTB and MUFG Bank also plan to disclose its environmental improvement report to investors at least once a year.

### **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*):

### **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*):

*Valid Acquired Environmental Certification*

## 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):<br>Show on the website |
| <input type="checkbox"/> Reporting reviewed<br><i>Yes, both use of proceeds and impact reporting are subject to external review.</i> |  |

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.)

Sustainability activities by Mitsubishi UFJ Financial Group (Issuer's group company)	<a href="https://www.mufig.jp/english/csr/index.html">https://www.mufig.jp/english/csr/index.html</a>
JCR's website about green bond evaluation methodology	<a href="https://www.jcr.co.jp/en/greenfinance/">https://www.jcr.co.jp/en/greenfinance/</a>

## SPECIFY OTHER EXTERNAL REVIEWS AVAILABLE, IF APPROPRIATE

### Type(s) of Review provided:

- |  |  |
|--|--|
| <input type="checkbox"/> Second Party Opinion    | <input type="checkbox"/> Certification             |
| <input type="checkbox"/> Verification            | <input checked="" type="checkbox"/> Scoring/Rating |
| <input type="checkbox"/> Other (please specify): |  |

**Review provider(s):** Japan Credit Rating Agency, Ltd.

**Date of publication:** January 31, 2020

## ABOUT ROLE(S) OF INDEPENDENT REVIEW PROVIDERS AS DEFINED BY THE GBP

1. **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. 1.
2. **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.
3. **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.
4. **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.