

\_\_\_\_\_ Sustainability Finance Framework Evaluation by Japan Credit Rating Agency, Ltd. \_\_\_\_\_

Japan Credit Rating Agency, Ltd. (JCR) announces the following Sustainability Finance Framework Evaluation Results.

## JCR Assigns SU1 (F) to the Sustainability Finance Framework of Mitsui Fudosan Logistics Park Inc.

Subject : Mitsui Fudosan Logistics Park Inc.  
Sustainability Finance Framework

### <Sustainability Finance Framework Evaluation Results>

Overall Evaluation	SU1(F)
Greenness and Social Beneficial Impacts Evaluation (Use of proceeds)	gs1(F)
Management, Operation and Transparency Evaluation	m1(F)

### Chapter 1: Evaluation Overview

Mitsui Fudosan Logistics Park Inc. (the “Investment Corporation”) was established on March 4, 2016, and listed on the Tokyo Stock Exchange (real estate investment trust securities market) on August 2, 2016. The sponsor (100% stake) of Mitsui Fudosan Logistics REIT Management Co., Ltd. (the “Asset Management Company”), an asset management company, is Mitsui Fudosan Co., Ltd. With logistics facilities as the main investment target, a system has been established to build a strategic collaborative relationship with Mitsui Fudosan, a comprehensive developer, to expand the logistics business in conjunction with Mitsui Fudosan, with the development function being undertaken by Mitsui Fudosan, the management function being undertaken by the Asset Management Company and Mitsui Fudosan, and the holding function being undertaken by the Investment Corporation as the core role. This is the first listed investment corporation to be named "Mitsui Fudosan" as a J-REIT sponsored by Mitsui Fudosan.

Mitsui Fudosan calls advanced logistics facilities with quality that meet the diversification needs of various entities involved in logistics facilities (tenants, employees working at logistics facilities, and local communities) in addition to offering high-efficiency, convenience, and safety MFLP (Mitsui Fudosan Logistics Park), and the Investment Corporation's policy is to invest heavily in MFLP. The current portfolio is 20 properties with an aggregate acquisition price of JPY282.4 billion.

The scope of this evaluation is the Sustainability Finance Framework (the “Framework”), which is designed to restrict the funding that is sourced by bonds or loans to the use of proceeds that has environmental improvement effects and social benefits. JCR evaluates whether the Framework complies with the Green Bond Principles (2018

edition), the Social Bond Principles (2020 edition), the Sustainability Bond Guidelines (2018 edition), the Green Loan Principles (2020 edition), the Green Bond Guidelines (2020 edition) and the Green Loan Guidelines and the Sustainability Linked Loan Guidelines (2020 edition). These principles are not binding because they are voluntarily published principles or guidelines by the International Capital Markets Association (ICMA), the Loan Market Association (LMA) and the Asia-Pacific Loan Market Association (APLMA) and the Ministry of the Environment, respectively, and are not regulations, but JCR evaluates the Framework by reference to these principles and guidelines as uniform standards both domestically and internationally.

The Investment Corporation considers three stars or more in DBJ Green Building certification, three stars or more in BELS certification, B+ or higher in CASBEE certification, Silver or higher in LEED certification, or third-party certification other than the above certification as eligibility criteria for the use of proceeds. The Investment Corporation considers properties that have been certified or are scheduled to be re-certified for the evaluation as green eligible asset. It also cites basic infrastructure development for regional revitalization, access to essential services to daily life, and socio-economic improvement and empowerment as social eligibility criteria. JCR evaluates the use of proceeds specified by the Investment Corporation as having environmental improvement effects and social benefits.

System for addressing environmental and social issues are properly established, and systems are in place for specialized departments and management teams to be involved in the selection and process of projects subject to the use of proceeds. Fund management is conducted in a predetermined manner by the department in charge. Information disclosed as reporting has clear environmental improvement effects and social benefits. Based on the above, JCR confirmed that the Investment Corporation has a strong management and operational system and high transparency in implementing sustainability finance.

Based on the JCR Sustainability Finance Assessment Methods, "Greenness and Social Assessment (Use of Funds)" and "Management, Management, and Transparency Assessment" are referred to as "gs1(F)" and "m1(F)", respectively, for this framework. Consequently, the "JCR Sustainability Finance Framework Assessment" was set as "SU 1 (F)." Evaluation results are discussed in detail in the next chapter. The Framework is also considered to meet the standards for items required by the Green Bond Principles, the Social Bond Principles, the Sustainability Bond Guidelines, the Green Loan Principles, the Green Bond Guidelines and the Green Loan and Sustainability Linked Loan Guidelines issued by the Ministry of the Environment.<sup>12345</sup>

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<sup>1</sup> Green Bond Principles 2018 Version

<https://www.icmagroup.org/assets/documents/Regulatory/Green-Bonds/Green-Bonds-Principles-June-2018-270520.pdf>

<sup>2</sup> Social Bond Principles 2018 <https://www.icmagroup.org/green-social-and-sustainability-bonds/social-bond-principles-sbp/>

<sup>3</sup> Sustainability Bonds Guidelines 2018

<https://www.icmagroup.org/assets/documents/Regulatory/Green-Bonds/Sustainability-Bonds-Guidelines-June-2018-270520.pdf>

<sup>4</sup> LMA (Loan Market Association), APLMA (Asian Market Loan Association) Green Loan Principle 2020

<https://www.lsta.org/content/green-loan-principles/>

<sup>5</sup> Green Bond Guidelines 2020 and Green Loan and Sustainability Link Loan Guidelines

<https://www.env.go.jp/press/files/jp/113511.pdf>

## Chapter 2: Current Status of the Project on Each Evaluation Factor and JCR's Evaluation

### Evaluation Phase 1: Greenness and Social Beneficial Impacts Evaluation

JCR assigns "gs1", the highest grade, to "Evaluation Phase 1: Greenness and Social Beneficial Impacts Evaluation"

Rationale: 100% use of proceeds of the Framework will be allocated to a green or social project, considering the factors described below.

#### (1) JCR's Key Consideration in This Factor

In this section, JCR begins by checking whether proceeds are used for projects with clear environmental improvement effects or projects with social benefits. Next, in cases where the use of proceeds is expected to have a negative impact on the environment and society, the impact is fully examined by an internal specialized department or an external third-party organization to confirm whether necessary measures for avoidance and mitigation have been taken. Finally, JCR confirms consistency with the Sustainable Development Goals (SDGs).

#### (2) Current Status of Evaluation Targets and JCR's Evaluation

<The Framework for Use of Proceeds>

Through the Framework, the Investment Corporation is able to conduct not only sustainability finance but also green finance by selecting only green projects as the use of proceeds.

##### 2.1. Eligible Assets to Be Invested in

Procurement funds from sustainability financing (hereinafter referred to as "procurement funds") will be appropriated to funds for the new acquisition of specified assets (green finance, which covers green qualified assets (as defined below), and sustainability finance, which covers green qualified assets and sustainability qualified assets (as defined below), as well as funds for the refinancing of loans and investment corporation bonds required for the new acquisition of such assets.

##### 2.2. Eligibility Criteria

Green eligible assets are those that meet the Green Eligibility Criteria described below. Sustainability eligible assets are those that meet the Green Eligibility Criteria and the Socially Eligibility Criteria described below (Green eligibility Assets and sustainability eligible assets, collectively, the "Eligible Assets").

##### 2.3. Green Eligibility Criteria

Certified or to be re-certified by one of the following (1) through (5) third-party certification bodies ("Green Building Certification") or re-certified in the future.

- (1) Three stars or more in DBJ Green Building Certification (from the top to three levels)
- (2) Three stars or more in BELS Certification (from the top to three levels)
- (3) B+ or higher in CASBEE Certification (from the top to three levels)
- (4) Silver, Gold or Platinum in LEED Certification (from the top to three levels)
- (5) The same evaluation level among third-party certifications other than the above certifications.

## 2.4. Social Eligibility Criteria

New and existing properties that meet two or more of the criteria from (1) to (3) below.

### (1) Development of Basic Infrastructure for Regional Revitalization

Contributing to "urban development" including surrounding areas through the use of sites, etc., such as the provision of green spaces in which people gather in consideration of the needs of local governments, etc.

### (2) Access to essential services to daily life

Disaster prevention measures such as evacuation sites in the event of a disaster and provide of equipment to local residents.

Contributing to local communities through the establishment of certification child care facilities, etc.

### (3) Socioeconomic Improvement and Empowerment

Contributing to local communities and the economy through the creation of jobs by tenant companies and the hiring of local companies in construction work

## <JCR's Evaluation of the Framework>

### a. On the environmental improvement effects and social benefits of the projects

#### i. The use of proceeds is expected environmental improvement effects or social benefits.

#### Environmental Improvement Effects of Green Projects

##### 1. Green Building

###### (1) DBJ Green Building Certification

A certification system provided by DBJ (Development Bank of Japan) that evaluates properties with environmental and social considerations. The evaluation results are expressed as the number of stars, and the evaluation axis is "Buildings with consideration for the environment and society." It evaluates the three major categories of "Ecology (environment)", "Amenity (comfort) & Risk Management (crime and disaster prevention)" and "Community (community and landscape)" and "Partnership (cooperation with stakeholders)". Each is represented by five stars (the best class in Japan), four stars (exceptionally high), three stars (excellent), two stars (high), and one star (satisfactory). Although the evaluation is not specifically focused on environmental performance, it is highly recognized in Japan and has a certain evaluation item with regard to environmental performance. Therefore, JCR considers this certification to be equivalent to the Green Project Classification of "green buildings which meet regional, national or internationally recognized standards or certifications" defined in the Green Bond Principles. However, since the certification is not limited to environmental performance, JCR believes that it is desirable to confirm the evaluation of environmental performance individually.

DBJ Green Building certification is based not only on the environmental performance of the property, but also on comprehensive evaluations, including the comfort of tenants, risk management such as disaster prevention and crime prevention, consideration for the surrounding environment and communities, and cooperation with stakeholders. The scoring system integrates and designs specific "excellent initiatives" for the environment and society, and there are many properties that do not reach the evaluation target in the real estate market. High evaluation requires that buildings be designed with appropriate consideration not only for the environment but also for all stakeholders involved in buildings.

The level of DBJ Green Building certification is expected to be approximately top 20% of all income-generating real estate in Japan in terms of environmental and social considerations<sup>6</sup>. In addition, each evaluation up to 3 stars covers the aggregate of top 10% (5 stars), top 30% (4 stars) and top 60% (3 stars) of the properties exceeding the certification level. Accordingly, JCR evaluates that the Investment Corporation's eligible criteria are limited to properties with high environmental performance among the buildings that aim to acquire certification.

## (2) BELS (Energy Conservation Performance Indication System for Buildings)

BELS is English acronym for Building-housing Energy-efficiency Labeling System. BELS is a building energy efficiency performance indicator system under which third-party assessment bodies evaluate and accredit the energy efficiency performance of new and existing buildings. The outer skin performance (performance standards and specification standards) and primary energy consumption (performance standards and specification standards) are subject to evaluation, and the evaluation results are expressed in stars according to the achievement values of the energy efficiency standards. High evaluation requires excellent energy-efficiency performance. In BELS, the numbers of stars are ranked from one to five, based on BEIs (Building Energy Index). BEI is a measure of energy efficiency performance that uses the designed primary energy consumption as the molecular weight and the standard primary energy consumption as the denominator, and is compared with the standard value. One star is the existing energy saving standard, two stars is the energy saving standard, and three stars are the guiding standard. Buildings with BELS three stars or higher specified by the Investment Corporation as eligible criteria are considered appropriate based on energy efficiency performance (non-residential: BEI value of 0.8 or less) that exceeds the guiding standard.

## (3) CASBEE (Comprehensive Building Environmental Performance Assessment System)

CASBEE is an acronym for the English name of Comprehensive Assessment System for Built Environment Efficiency.

This is a method for evaluating and rating the environmental performance of buildings. In April 2001, the Comprehensive Environmental Evaluation Research Committee for buildings was established as a joint project with industry, government, and academia with the support of the Housing Bureau of the Ministry of Land, Infrastructure, Transport and Tourism. Since then, the committee has been continuously conducting development and maintenance. In addition to CASBEE for Buildings and CASBEE for Urban Development, assessment tools include CASBEE for Real Estate developed to provide easy-to-understand environmental performance to the real estate market.

The evaluation results are divided into five grades: Rank S (Excellent), Rank A (Very Good), Rank B+ (Good), Rank B- (Slightly Poor), and Rank C (Poor) (CASBEE for real estate scoring has four grades: Rank S (Excellent), Rank A (Very Good), Rank B+ (Good), and Rank B (Satisfaction of mandatory items)). The evaluation method is a reconfiguration and quantification of the performance in the four fields of energy

<sup>6</sup> Revision and Disclosure of DBJ Green Building Certification Evaluation Items (DBJ Green Building Certification Website, February 2019)

consumption, resource recycling, regional environment, and indoor environment in buildings from the viewpoints of environmental quality of buildings (Q = Quality) and environmental burden of buildings (L = Load). Evaluation is based on the value of BEE (Built Environment Efficiency) with L as the denominator and Q as the numerator. High evaluation requires Comprehensive high quality of building such as energy efficiency and the use of materials and equipment with low environmental impact, in addition to give consideration to indoor comfort and landscape. Accordingly, B+ or higher, as defined by the Investment Corporation as eligible criteria, are buildings with a BEE of 1.0 or higher in CASBEE for New Construction are targeted at properties that are clearly superior in quality to environmental impact. In CASBEE for Real Estate, although the measurement criteria are not BEE, they are evaluated as having an environmental improvement effect because they cover properties equivalent to B+ in conventional CASBEE for New Constructions.

#### (4) LEED

The Environmental Performance Assessment System for Construction and Urban Environments developed and operated by the U.S. Green Building Council (USGBC), a non-profit organization. As of 2019, there are buildings certified in more than 160 countries or regions.

The LEED is an acronym for Leadership in Energy and Environment Design. The draft was published in 1996 and is updated once every few years.

There are five types of certification: BD+C (Building Design and Construction), ID+C (Interior Design and Construction), O+M (Operation and Maintenance), ND (Neighborhood Development), and HOMES (Home).

The authentication level is represented by the sum of the points earned for each item and is from above Platinum (80 points or more), Gold (60-79 points), Silver (50-59 points), and Certified (40-49 points). As for items related to energy efficiency, it is often a prerequisite for the evaluation that points are high or already achieved, and energy efficiency is high, which is considered necessary in order to obtain a high certification level. Therefore, it is considered appropriate for the Investment Corporation to set the standard

Based on the above, JCR evaluates that the Green Eligibility Criteria stipulated in the Framework have environmental improvement effects.

### Social Benefits of Social Projects

#### 2. Development of Basic Infrastructure for Regional Revitalization

Mitsui Fudosan, the sponsor of the Asset Management Company, has developed advanced logistics facilities with Mitsui Fudosan quality that combine a certain size, good location, substantial facilities, convenience and safety as MFLP (Mitsui Fudosan Logistics Park). In the development and management of logistics facilities, Mitsui Fudosan contributes to the provision of value-added tailored to local communities by promoting efforts to contribute to society in neighboring areas through the creation of jobs by tenant companies and the promotion of the use of neighboring stores by facility employees, while taking into consideration the geographical conditions of the properties to be served.

Some logistics facilities are also constructed and operated under development plans that reflect the medium-to long-term plans of the local government in light of the needs of the local government in which the relevant logistics facility will be located at the time of development. The needs of local governments include contributions to industrial promotion, environmental considerations of the targeted facilities,

promotion of greening by planting the grounds of logistics facilities, and regional revitalization, and are utilized as a basic infrastructure for local governments and neighboring residents.

From this JCR evaluates that the above efforts for the facilities owned by the Investment Corporation have a social benefit as development of basic infrastructure development for neighboring residents.

### 3. Access to Essential Services

#### (1) Facilities in the event of a disaster

According to estimates by the Cabinet Office, approximately 3.52 million people in Tokyo, approximately 670 thousand in Kanagawa, approximately 520 thousand in Chiba, approximately 330 thousand in Saitama, approximately 0.1 million in Ibaraki Prefecture centered on the south, and approximately 5.15 million people in the Tokyo metropolitan area were unable to return home on the day of the Great East Japan Earthquake on March 11, 2011. Due to the suspension of public transport operations, there were a limited number of spaces for accepting people who found it difficult to return home, so some of the evacuation areas for local residents accepted not only local residents but also many people who found it difficult to return home.<sup>7</sup>

In light of these circumstances, the Tokyo Metropolitan Government has established disaster prevention and mitigation measures based on the Disaster Prevention Guidelines and the Tokyo Metropolitan Government's Ordinance on People who have difficulty returning home.

The Investment Corporation designates some properties as evacuation sites in the event of a disaster and makes it available for use by neighboring residents in cooperation with local governments and other entities where the property is located at certain properties. In addition to the above, it is also working to prepare for disasters, such as stockpiling emergency foods for the purpose of providing them to neighboring residents, and preparing emergency power supply facilities, emergency toilets, and disaster vendors on the grounds of logistics facilities.

From this, JCR evaluates that there is a social benefit as a provision of basic infrastructure facilities for victims in the event of a disaster.

#### (2) Childcare Support Facilities

The Japanese government formulated the "Accelerated Elimination Plan for Children who on Nursery School Waiting Lists" in April 2013 to address the issue of children on waiting lists (a problem where children are unable to enter day care centers despite the fact that applications have been made for entry into day care centers and the conditions for entry have been met). The government has been supporting initiatives undertaken by local governments to improve day care centers with the aim of increasing the number of child care centers accepted by about 0.5 million over the 5-year period from FY2013 to FY2017. Since FY2018, the "Child-rearing Reliability Plan" has been announced as a measure of the "Nippon 100 million Total Active Participation Plan." Based on the results of the "Plan to Accelerate Elimination of Children who on Nursery School Waiting Lists," this plan is to prepare for nursery schools for about 320,000 children in the 5-year period to the end of FY2022.

The Investment Corporation has also established child-rearing support facilities in consultation with municipalities where the properties are located at some of its properties. Since the facilities can be used not only by people working at the logistics facilities but also by neighboring residents, it is considered to contribute to resolving the problem of waiting children in Japan.

<sup>7</sup> Survey results on measures for people who have difficulty returning home <http://www.bousai.go.jp/jishin/syuto/kitaku/2/pdf/4.pdf>

From this, JCR evaluates that it has a social benefit as a provision of child-rearing support facilities for neighboring residents.

#### 4. Socioeconomic Advancement and Empowerment

As mentioned in 2 above, Mitsui Fudosan is developing and operating MFLP with the aim of creating jobs for local residents, while taking into account the status in the neighborhood, as a policy for MFLP initiatives. In addition, in accordance with the needs of the local government in which the property will be located, the Investment Corporation is utilizing local companies and local residents, which can also contribute to the promotion of industry through the hiring of local companies at the construction stage and the employment of local residents after operation, in accordance with the needs of the local government in which the property will be located.

As a measure against infectious diseases of the Covid-19, the Investment Corporation operates its logistics facilities while ensuring the safety of its customers and employees by measuring the temperature at the entry of the logistics facilities, providing masks, and implementing thorough sanitation. The Investment Corporation provides related parties with security of safety of the logistics properties and employees with an environment in which they can work with peace of mind.

JCR evaluates that the socioeconomic advancement and empowerment projects defined by the Investment Corporation as a social project that provides employment opportunities to local residents in the area where the properties are located.

- ii. The uses of proceeds correspond to (1) is applicable to “green buildings which meet regional, national or internationally recognized standards or certifications” and “energy conservation business” among the uses of proceeds exemplified under the “Green Bond Principles” and “Green Loan Principle”, “Green Buildings related business” and “energy efficiency related business” among the uses of proceeds exemplified under the “Green Bond Guideline” and the “Green Loan and Sustainability linked Loan Guidelines”. (2) is applicable to "basic infrastructure development" for local residents among the uses of proceeds defined under the “Social Bond Principles”, and (3) is applicable to "access to essential services (evacuation areas and childcare,)" for victims of disasters and local residents, and (4) is applicable to "socio-economic advancement and empowerment" for local residents.**

The assets to be financed by the Framework are buildings that are considered from both aspects of environmental impact reduction and social infrastructure.

In Japan, the Emergency Development of Urban Planning, Basic Plan for Housing and Living, Social Infrastructure Development Plan, and Compact City Concept recognize the importance of urban development including such inclusive and sustainable buildings. The SDGs Action Plan 2020 Implementation Guidelines by Japanese government also include the development of social infrastructures that are resilient to disasters and the realization of sustainable urban management that maintains healthcare, welfare, commercial, and other living services functions and enables young households, child-rearing households, the elderly, and other residents to live with peace of mind.

As a global movement, the Positive Impact's Real Estate Investment Framework of the United Nations Environment Programme Finance Initiative focuses on the benefits of impact investment in the real estate sector, which contributes to both environmental and social aspects. For example, in the following related impact categories, it is believed that positive results from both environmental and social aspects can be expected in real estate by making sustainable impact investments while considering who is benefiting from them and whether they are sufficiently benefiting from them in terms of their effects.

[Impact categories expected to produce positive results in the real estate sector]

- Energy efficiency and clean energy
- Working Conditions and Skills Development
- Social housing/affordable housing
- Urban revival (place making, community development, safety and fairness)
- Appropriate settlement
- Resource efficiency
- Healthy and Satisfactory Conditions (Wellness and Wellbeing)

The above idea is helpful when evaluating criteria for selection as sustainability finance, particularly only for real estate investments, in accordance with ICMA's sustainability guidelines. JCR considers that sustainability-eligible assets in the real estate sector refer those which are promoting the conversion to energy efficiency and clean energy in terms of the environment, while at the same time, providing social benefits not only to those who use the subject assets but also to the whole surrounding area in the above-mentioned matters, etc. that are assumed as the impact of the real estate sector of the United Nations Environment Programme. Therefore, although the use of proceeds in the Framework can be classified into several categories for both green and social projects, as mentioned above, JCR considers that the overall impact is to contribute to inclusive and sustainable urban development.

#### **b. Assessment of Possible Negative Impacts on Environment and/or Social Aspects**

The Asset Management Company conducts due diligence when acquiring assets, including on-the-spot inspections and confirmation of engineering reports, and acquires only assets that are judged to have no problems after careful examination of negative environmental and social impacts. If negative impacts are expected to be feared, the Asset Management Company intends to mitigate the risk by, for example, taking measures such as consulting with the seller of the asset with regard to risk correction, and confirming whether appropriate management, avoidance, or response is being taken.

From this, JCR evaluates that risks are properly managed for properties subject to the use of proceeds in the Framework.

#### **c. Consistency with SDGs**

##### **i. Consistency with ICMA's SDGs mapping**

JCR evaluates projects eligible for funding contribute to the following SDGs goals and targets in light of ICMA's SDGs mapping.



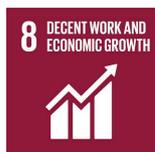
#### **Goal 5: Gender Equality**

**Target 5.4. Recognize and value unpaid care and domestic work through the provision of public services, infrastructure and social protection policies and the promotion of shared responsibility within the household and the family as nationally appropriate.**



#### **Goal 7: Affordable and clean energy**

**Target 7.3. By 2030, double the global rate of improvement in energy efficiency.**



### Goal 8: Decent work and economic growth

**Target 8.4. Improve progressively, through 2030, global resource efficiency in consumption and production and endeavor to decouple economic growth from environmental degradation, in accordance with the 10-year framework of programs on sustainable consumption and production, with developed countries taking the lead.**



### Goal 9: Industry, innovation and infrastructure

**Target 9.1. Develop quality, reliable, sustainable and resilient infrastructure, including regional and transborder infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all.**

**Target 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.**



### Target 11: Sustainable cities and communities

**Target 11.3. By 2030, enhance inclusive and sustainable urbanization and capacity for participatory, integrated and sustainable human settlement planning and management in all countries.**

**Target 11.6. By 2030, reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management.**

## ii. Consistency with measures to achieve Japan SDGs

JCR confirmed that the projects subject to the use of proceeds are consistent with the following items in the "Specific Measures for Achieving SDGs" set forth by the Government of Japan as SDGs goals.<sup>8</sup>

### Implementation Guideline 4. Development of sustainable and tough national land and quality infrastructure

Domestic measures			
Strategy Overview		Target	Indicators
1. Promotion of Priority Plan for Social Infrastructure Development	1. The 4th Priority Plan for Social Infrastructure Development (2015-2020) Promotes the effective utilization, consolidation, and reorganization of existing stocks to respond to the four structural challenges of urgent weather disasters, accelerating infrastructure aging, rural fatigue due to population decline, and intensifying international competition.		1. Follow-up Status Based on the Fourth Priority Plan for Social Infrastructure Development
2. Promotion of Basic Plan for Residents' Living	2. Based on the Basic Plan for Housing and Living, we will realize a living environment in which young households, child-rearing households, and the elderly can live with peace of mind, and ensure the stability of housing despite the need for special consideration in securing housing.		2. Follow-up Status Based on the Basic Plan for Housing and Living

<sup>8</sup> Specific measures of the Sustainable Development Goals (SDGs) Implementation Guidelines established by the Sustainable Development Goals (SDGs) Promotion Headquarters, which is composed of the national ministers.

## Evaluation Phase 2: Management, Operations and Transparency Evaluation

Based on the current situation described below and JCR's evaluation of the subject, JCR evaluated that the management and operational system had been well developed, that transparency was very high, and that it was fully expected that the project would be implemented as planned and that the proceeds would be adequately allocated. In Phase 2, JCR evaluated "m1 (F)" as the highest level in terms of management, operation and transparency.

### 1. Appropriateness and Transparency Concerning Selection Standard and Processes of Use of Proceeds

#### (1) JCR's Key Consideration in This Factor

In this section JCR confirms the objectives to be achieved through green financing, the appropriateness of sustainability project selection standards and processes, and whether or not a series of processes are properly disclosed to investors and others.

#### (2) Current Status of Evaluation Targets and JCR's Evaluation

##### a. Goals

<This Framework for Goals of Sustainability Finance Issuance>

#### 1.2. Purpose and Background of the Formulation of the Framework

Mitsui Fudosan Co., Ltd. (hereinafter referred to as "Mitsui Fudosan") is the sponsor of the Investment Corporation and forms a strategic partnership in the logistics facility business. Mitsui Fudosan has formulated a statement entitled "Link Together, Develop Together." In addition to expanding business and enriching society, Mitsui Fudosan is creating new value by contributing to regional and urban development. In addition, the Mitsui Fudosan Group's long-term management policy, "VISION 2025," aims to "build a sustainable society through urban development." Each urban development will contribute to the resolution of a wide range of issues facing society, including the declining birthrate and aging population, environmental issues, safety and security in people's lives, and the creation of new industries. We believe that this will lead to the creation of social value and, in turn, the enhancement of the corporate value of the Mitsui Fudosan Group. In recent years, corporate responsibility for sustainability, such as environmental, social, and governance (ESG) issues, has grown increasingly interested. With regard to realizing these philosophies and objectives, the Investment Corporation has decided to formulate this framework based on the belief that the formulation of the Sustainability Finance Framework will lead to the enhancement of unitholder value over the medium to long term and the fulfillment of its social responsibility (CSR) as a corporate citizen.

<JCR's Evaluation of the Framework>

Mitsui Fudosan, the sponsor of the Asset Management Company, states that the corporate mark is a symbol of "coexist in harmony with society," "link diverse values," and "achieve a sustainable society," and contributes to social and economic development and the conservation of the global environment. In the logistics facility business, one of Mitsui Fudosan's businesses, the company is implementing initiatives to contribute to local communities under the business statement of "Link Together, Develop Together." Based on Mitsui Fudosan's policy, the Investment Corporation aims to own, manage and operate logistics facilities that contribute to resolve environmental and social issues.

The use of proceeds from sustainability finance under the Framework is to fund the acquisition of green eligible assets and sustainability eligible assets specified by the Investment Corporation or to refinance such funds, and JCR evaluates that the above target setting that it intends to realize by developing the Framework is appropriate.

#### **b. Eligibility Criteria**

The Green Eligibility Criteria and Social Eligibility Criteria in the Framework are described in Phase 1. JCR evaluates these selection criteria are targeting projects with environmental improvement effects and social benefits.

#### **c. Process**

<The Framework for the Selection Process>

##### **3.2. Evaluation and selection of eligible criteria for target assets, etc.**

For target assets to be acquired through sustainability finance, etc. ("target assets"), the Investment Management Division of the Asset Management Company conducts due diligence. The Sustainability Promotion Committee, which is chaired by the President and the General Manager of the Investment Management Division and the General Manager of the Finance Division as full-time members, evaluates and selects eligibility criteria based on information such as the content of due diligence. The Chief Compliance Officer may attend the meeting and express his opinions.

##### **3.3. Processes such as acquisition of target assets and sustainability finance**

Financing for the acquisition of the target assets will be decided by the Management Committee, which is chaired by the president and director of the asset management company and attended by full-time directors and the Chief Compliance Officers.

<JCR's Evaluation of the Framework>

The Sustainability Promotion Committee of the Asset Management Company assesses whether projects eligible for use of proceeds qualify as green finance or sustainability finance. The Sustainability Promotion Committee is a panel chaired by the President of the Asset Management Company and whose permanent members are the head of the Investment Management Division and the head of the Finance Division. The panel has expertise on sustainability.

The procurement of funds using the properties determined by the above process is determined by the Management Committee chaired by the President of the Asset Management Company. Based on the above, JCR evaluates that the process is appropriate due to the involvement of the department with expert knowledge and the management.

The goals, selection criteria and processes set out in the Framework will be disclosed in this evaluation report and in the Publication Registration Supplement (in the case of procurement through green bonds or sustainability bonds). This ensures transparency to investors and others.

## 2. Appropriateness and Transparency of Management of the Proceeds

### (1) JCR's Key Consideration in This Factor

It is usually assumed that the management of the funds varies widely depending on the issuer, but JCR confirms whether the funds procured by the framework are properly allocated to sustainability projects and whether a mechanism and an internal system are in place to ensure that the funds are easily tracked and managed by the issuer.

JCR also emphasizes assessing whether the funds procured under the framework are expected to be used for sustainability projects at an early stage, as well as how to manage and operate the funds that have not yet been allocated to them.

### (2) Current Status of Evaluation Targets and JCR's Evaluation

<The Framework for Management of the Proceeds (excerpt)>

#### 4.1. Management of proceeds of sustainability finance

The maximum amount of procurement of green finance or sustainability finance is the sum of the amount of debt calculated by multiplying the actual value of the interest-bearing debt ratio (as of the time of payment of each investment corporation bond or the date of borrowing at the end of the most recent fiscal year that can be calculated on the date of borrowing) to the total acquisition price of qualifying assets (hereafter, "Green Eligible Debt Amount" if calculated based on the total acquisition price of green qualifying assets, and "Sustainability Eligible Debt Amount" if calculated based on the total acquisition price of sustainability eligible assets). If the eligible assets to which the proceeds have been appropriated are sold, or if the eligible assets cease to meet the eligibility criteria, the Asset Management Company will continue as sustainability finance so far the proceeds remain outstanding as Green Eligible Debt Amount and Sustainability Eligible Debt Amount.

#### 4.2. Plan for allocation of proceeds

The total proceeds will be used for the use of proceeds specified in "2.1. Eligible Assets to be Invested in" at an early stage date.

#### 4.3. Tracking management system and method of financing

If the fund is raised in accordance with the preceding paragraph, the person in charge at the Financial Division of the Asset Management Company will allocate the fund to a predetermined use of proceeds. However, if the fund is not temporarily appropriated, tracking and management will be conducted so that it will be used for the predetermined use of proceeds. Until the fund is used to allocate the use of proceeds, it will be managed as cash or cash equivalents.

#### 4.4. Internal and external audits of financing

The Asset Management Company regularly conducts external and internal audits. In addition, the Investment Corporation has undergone an external audit by the audit corporation with respect to accounting in general, including matters related to financing.

#### 4.5. Method of managing documents related to procured funds

The deposit passbooks related to the acceptance account for the procurement funds are held in custody by Sumitomo Mitsui Trust Bank, Limited, which is the asset custodian. The Asset Management

Company uses the Electric Banking system to check the debit/credit statement using an electronic terminal.

#### <JCR's Evaluation of the Framework>

The use of proceeds of green finance is the acquisition fund or the refinance of the fund for the assets which meet Green Eligibility Criteria, and the use of proceeds of sustainability is the acquisition fund or the refinance of the fund for the assets which meet Sustainability Eligibility Criteria. The funds procured by green finance or sustainability finance will not be appropriated for any other purpose.

Funds raised through green finance or sustainability finance are expected to be tracked by the Asset Management Company's Finance Division using dedicated forms. The status of tracking is to be regularly reviewed by the General Manager of the Finance Division. In addition, because such tracking management is subject to internal audits and accounting audits, regulation is in place.

Funds from green finance or sustainability finance are immediately used to fund the acquisition of projects or to refinance the acquisition funds, so in principle there are no plans to incur any unallocated amounts at the time of procurement. On the other hand, if unallocated amounts arise due to the sale of the project for which funds are to be used prior to redemption/repayment of green finance or sustainability finance, the Investment Corporation will apply portfolio management and manage the unallocated amounts. Specifically, green finance or sustainability finance will be managed so that the outstanding balance of the debt will not exceed "Green Eligible Debt Amount" or "Sustainability Eligible Debt Amounts" (calculated by multiplying the ratio of interest-bearing debt to total assets by the total amount of green eligible assets/the total amount of sustainability eligible assets), respectively.

From the above, JCR evaluates that fund management is appropriate and transparent.

### 3. Reporting

#### (1) JCR's Key Consideration in This Factor

In this section, JCR evaluates whether the disclosure system for investors before and after the issuance of sustainability finance, which is implemented with reference to the framework, is planned in detail and in an effective manner.

#### (2) Current Status of Evaluation Targets and JCR's Evaluation

<The Framework for Reporting (excerpt)>

##### 5.1 Reporting on the status of allocation of funds

Until the proceeds are used for funds, the Investment Corporation will disclose on an annual basis its allocation status (including allocated and unallocated amounts by category that meet eligibility criteria) on its website. To the extent that a balance of the proceeds exists, the Investment Corporation will also disclose annually on its website that the balance is not in excess of the amount of Green Eligible Debt Amount and the amount of Sustainability Eligible Debt Amount.

##### 5.2 Reporting on Environmental Improvement Effects and Social Benefits

To the extent that there is a balance of the proceeds, the Investment Corporation will report on an annual basis the effects on environmental improvement, such as sustainability finance, and the social benefits on its website. (Matters covered by the report include, but are not limited to, the following items. If the impact indicators related to green finance overlap with the same indicators related to sustainability finance, disclosure of the indicators related to green finance will be omitted.)

##### 5.3 Reporting system in the event of a change in circumstances

In the event that the initial allocation of funds to be procured has changed significantly after the fact and unallocated amounts have arisen, disclosure will be made on the Investment Corporation's website after approval by the head of the Finance Division of the Asset Management Company.

<JCR's Evaluation for the Framework>

##### a. Reporting on the status of allocation of funds

The use of proceeds raised through sustainability finance will be disclosed in the revised Issue Registration Statement, etc. The status of allocation of funds will be disclosed on the Investment Corporation's website, including appropriated amounts and unallocated amounts by category. JCR evaluated that it is appropriate to report on the allocation of funds, as it also plans to conduct appropriate responses in the event of changes, such as when properties subject to the use of proceeds are sold.

##### b. Reporting on Environmental Improvement Effects and Social Benefits

The Investment Corporation plans to disclose the following items in reporting on environmental improvement effects and social benefits.

###### (1) Environmental improvement effects

Status of Green Building Certification and Certification Levels Included in "2.3. Green Eligibility Criteria."

(2) Social benefits

Output indicators	Number of Social Eligible Assets
Outcome Indicators	<p>(1) Development of Basic Infrastructure for Regional Revitalization</p> <ul style="list-style-type: none"> <li>- Outline of the project (target asset)</li> <li>- Number of facilities with seismic isolation structures</li> </ul> <p>(2) Access to services essential to daily life</p> <ul style="list-style-type: none"> <li>- Number of facilities designated as evacuation sites in the event of a disaster</li> <li>- Number of facilities installed by disaster vendors</li> <li>- Number of facilities with disaster prevention stockpiles</li> <li>- Number of facilities installed at Kamado Bench</li> <li>- Number of facilities installed for disaster toilets and number of facilities installed for emergency power supply facilities</li> <li>- Number of certification daycare facilities</li> </ul> <p>(3) Socioeconomic Advancement and Empowerment</p> <p>The following items will lead to the promotion of employment by more local residents</p> <ul style="list-style-type: none"> <li>- Number of local residents' employment facilities in the subject property</li> <li>- Number of hired facilities of local enterprises in construction work</li> </ul>
Impact	<p>Contribute to communities by supporting local communities and local economies through active communication with local residents and municipalities, and by creating a comfortable living environment for local residents</p>

JCR evaluates both indicators are appropriate for demonstrating environmental improvement effects and social benefits.

#### 4. Organization's Sustainability Initiatives

## (1) JCR's Key Consideration in This Factor

In this section, JCR evaluates whether the management of the issuer regards sustainability issues as a high priority issue for management, and whether the sustainability finance policy, process, and selection criteria for green projects and sustainability projects are clearly positioned through the establishment of a department specializing in environmental and social issues or collaboration with external organizations.

## (2) Current Status of Evaluation Targets and JCR's Evaluation

The Investment Corporation has established a basic philosophy of building strategic collaborative relationships (strategic partnerships) with its sponsor, Mitsui Fudosan, in the logistics facilities business and aiming to maximize unitholder value with logistics properties as the main investment target. Through the establishment of strategic partnerships, it aims to maximize unitholder value by achieving sustainable growth as well as Mitsui Fudosan's logistics function business. This policy includes development (development of logistics facilities), management (operation and management of logistics facilities), and ownership (ownership of logistics facilities). Mitsui Fudosan is in charge of development functions, and Mitsui Fudosan and the Asset Management Company are in charge of management functions and the Investment Company is in charge of holding functions. In its portfolio construction policy, the Investment Corporation will invest heavily in MFLP (advanced logistics facilities with Mitsui Fudosan quality) centered on advanced logistics facilities developed by Mitsui Fudosan, and all logistics properties in the current portfolio are MFLP. With regard to ESG, the Investment Corporation and the Asset Management Company share Mitsui Fudosan's policy and work in cooperation with it.

The group vision which is set forth by Mitsui Fudosan Group, **&EARTH**, specializes in ESG and represents that the urban development by the group is always in step with the Earth and is aiming for a society in which both people and the Earth become more affluent. The group has been considering ESG initiatives as a high-level management issue, and is actively promoting ESG management. In addition to streamlining logistics, the above-mentioned MFLP also implements initiatives to contribute to local communities, such as consulting support for tenant companies to create jobs and secure personnel, hiring local contractors in construction work, and promoting the use of neighboring stores by facility employees.

As Mitsui Fudosan is working to strengthen and improve the ESG of the group as a high-level management issue, the Investment Corporation and the Asset Management Company share the philosophy with Mitsui Fudosan and are implementing various measures related to ESG with the purpose of improving the value of the Investment Corporation itself and contributing to society. Specifically, in November 2017, the Asset Management Company established the "ESG (Environmental, Social and Governance) Policy" and, in collaboration with Mitsui Fudosan, is implementing initiatives to address ESG issues such as "acquisition of green buildings that take the environment into account," "efforts for tenants and local communities," and "efforts for governance that take the interests of unitholders into consideration." The Investment Corporation, together with the Asset Management Company, conducts its business in accordance with these policies.

In the measure on ESG, "1. Consideration and Response to the Environment," the Asset Management Company will always take into account the direct or indirect impact of its investment management operations on the environment and take measures to improve environmental efficiency and reduce environmental impact. In addition, in "2. Consideration and Response to Society," the Asset Management Company aims to fulfill its required social responsibilities by building good relationships with it, the Investment Corporation, and various stakeholders surrounding the real estate in which the Investment Corporation invests, and striving to actively collaborate and cooperate in its business activities. JCR evaluates the Investment Corporation's clear ESG goals and high transparency.

1. Consideration and response to the environment
    - (1) Energy saving and the reduction of CO2 emissions
    - (2) Conservation of the water resources and promotion of resource saving and waste reduction
    - (3) Utilization of green building certification system, etc.
  2. Consideration and Response to Society
    - (1) Respect for human rights
    - (2) Efforts for better amenity and safety and security
    - (3) Consideration to local communities
    - (4) Approach to officers and employees
    - (5) Sustainable procurement
- 

These initiatives that contribute to the environment and society are to be implemented in collaboration with the expert departments related to the logistics facility business of the Asset Management Company and the sponsor, Mitsui Fudosan. In addition, in order to obtain GRESB and other environmental-related certifications, the Investment Corporation has asked external expert companies to provide consulting services, and collaborates with external specialists to conduct business.

The Asset Management Company established the Sustainability Promotion Committee in 2020. In the past, the ESG topics were discussed in the management committee, which was the supreme organization, as there was no committee specializing in ESG. However, the Sustainability Promotion Committee was established in an attempt to visualize ESG-related initiatives based on a high level of awareness by the management of the Asset Management Company regarding sustainability for the future. At the Asset Management Company, various ESG-related businesses are executed by the Investment Management Division (Investment Planning Team and Investment Management Team) and the Finance Division (Financial Planning Team) mainly through the committee.

In the Investment Corporation, the Sustainability Promotion Committee of the Asset Management Company is clearly involved as an organization in the selection of projects, for example, by making decisions on the evaluation and selection of eligibility criteria as a specialized department.

JCR considers sustainability issues of these organizations as high priority. JCR also evaluates that departments with expert knowledge are clearly involved as organizations in the procurement policies and processes for sustainability finance and the selection of projects.

■ Evaluation Result

Based on the JCR Sustainability Finance Evaluation Methodology, JCR assigns "gs1 (F)" for the "Greenness and Social Beneficial Impacts Evaluation (Uses of Proceeds)" and "m1 (F)" for the "Management, Operation, and Transparency Evaluation." As a result, JCR assigns "SU 1 (F)" for the "JCR Sustainability Finance Framework Evaluation" to the Framework. The Framework meets the standards for the items required by the Green Bond Principles, the Social Bond Principles, Sustainability Bond Guidelines, the Green Loan Principles, the Green Bond Guidelines and the Green Loan and Sustainability Linked Loan Guidelines by the Ministry of the Environment.

[JCR Sustainability Finance Evaluation Matrix]

		Management, Operation and Transparency Evaluation				
		m1(F)	m2(F)	m3(F)	m4(F)	m5(F)
Greenness and Social Beneficial Impacts Evaluation	gs1(F)	SU 1(F)	SU 2(F)	SU 3(F)	SU 4(F)	SU 5(F)
	gs2(F)	SU 2(F)	SU 2(F)	SU 3(F)	SU 4(F)	SU 5(F)
	gs3(F)	SU 3(F)	SU 3(F)	SU 4(F)	SU 5(F)	Not qualified
	gs4(F)	SU 4(F)	SU 4(F)	SU 5(F)	Not qualified	Not qualified
	gs5(F)	SU 5(F)	SU 5(F)	Not qualified	Not qualified	Not qualified

■ Subject of Evaluation

Issuer/Borrower: Mitsui Fudosan Logistics Park Inc. (Security code: 3471)

Assignment

Subject	Evaluation
Sustainability Finance Framework	JCR Sustainability Finance Framework Evaluation :SU1(F) Greenness and Social Evaluation : gs1 (F) Management, Operation, and Transparency Evaluation :m1(F)

(Responsible Analysts for this evaluation) Atsuko Kajiwara, Nobuyasu Matsuda and Rieko Kikuchi

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## Important explanation regarding the evaluation of the Sustainability Finance Framework

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### 1. Assumptions, Significance, and Limitations of JCR Green Finance Framework Evaluation

JCR Sustainability Finance Framework Evaluation, which is granted and provided by Japan Credit Rating Agency, Ltd. (JCR), covers the policies set out in the sustainability finance framework, and expresses the overall opinion of JCR at this time regarding the appropriateness of the sustainability project as defined by JCR and the degree of management, operation and transparency initiatives related to the use of proceeds and other matters. Accordingly, it does not undertake specific environmental improvement effects, management and operation systems, and transparency assessments of the use of proceeds for individual bonds and loans implemented in accordance with this policy. In the event that Sustainability Finance Evaluation is granted for individual bonds or individual loans based on the framework, such evaluations need to be conducted separately. Furthermore, the JCR Sustainability Finance Framework Evaluation does not demonstrate the improvement effect on the environment and social impacts of individual bonds or borrows implemented under this framework and does not assume any responsibility for the environmental and social improvement effect. In principle, JCR does not directly measure the environmental and social improvement effects of process procured under the sustainability finance framework, although JCR confirms the quantitative and qualitative measures by the issuer or a third party requested by the issuer.

### 2. Methods used in the conduct of this evaluation

The methods used in this evaluation are listed on JCR website (Sustainable Finance and ESG in <https://www.jcr.co.jp/en/>) as JCR Sustainability Finance Evaluation Methodology.

### 3. Relationship with Acts Related to Credit Rating Business

JCR Sustainability Finance Framework Evaluation is determined and provided by JCR as a related business, which is different from the activities related to the credit rating business.

### 4. Relationship with Credit Ratings

The evaluation differs from the Credit Rating and does not promise to provide or make available for inspection a predetermined Credit Rating.

### 5. Independence in JCR Sustainability Finance Framework Assessment

There is no conflict of interest related to capital or human resources relationships between the subject of this evaluation and JCR.

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#### ■ Glossary

JCR Sustainability Finance Framework Evaluation is an assessment of the extent to which funds procured through Green Finance are appropriated for Green Projects as defined by JCR and the extent to which such funds are used for management, operation, and transparency of the Green Finance. Evaluations are performed on a five-point scale, from the top to the bottom using the symbols of SU1 (F), SU2 (F), SU3 (F), SU4 (F), and SU5 (F).

#### ■ Status of registration as an external assessor of green finance

- Ministry of the Environment's external green bond reviewer registration
- ICMA (registered as an observer with the International Capital Markets Association)
- Climate Bonds Initiative Approved Verifier (Climate Change Initiative Accreditation Verification Organization)

#### ■ Status of registration as a credit rating agency, etc.

- Credit Rating Agency: the Commissioner of the Financial Services Agency (Rating) No.1
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