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JCR Green Finance Framework Evaluation
By Japan Credit Rating Agency, Ltd.

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

JCR Assigns Green 1 (F) to the Green Finance Framework of MIRAI Corporation

Subject : MIRAI Corporation Green Finance Framework

<Green Finance Framework Evaluation Results>

Overall Evaluation	Green 1(F)
Greenness Evaluation (Use of proceeds)	g1(F)
Management, Operation, and Transparency Evaluation	m1(F)

Chapter 1: Evaluation Overview

MIRAI Corporation (the Investment Corporation) is a J-REIT, which was established in December 2015and listed on the Tokyo Stock Exchange (the Real Estate Investment Market) in December 2016. The Investment Corporation aims to maximize investment opportunities by investing in a variety of asset categories, and to build a superior portfolio by carefully selecting investment targets, mainly properties located in the three major metropolitan areas.

Mitsui Bussan & IDERA Partners Co., Ltd. (the Asset Manager) is responsible for the asset management business of the Investment Corporation. The Asset Manager’s sponsors are Mitsui & Co. Asset Management Holdings Ltd. (50% stake), which assumes asset management business in the Mitsui Bussan Group, and IDERA Capital Management Ltd. (50% stake), an independent asset management company. The Investment Corporation intends to invest in a variety of asset categories through Mitsui Bussan Group 's integrated capability comprised of business expertise and network in the broad areas, and accumulated experience and knowhow through the past investment and management track record to date of IDERA Capital Management Ltd. Current portfolio consists of 34 properties with a total acquisition price of JPY153.9 billion yen. The composition ratio by asset type based on the acquisition price is 54.5% for offices, 19.1% for commercial facilities, 17.2% for hotels, and 9.2% for others. The composition ratio by area based on the acquisition price is 86.5% in the three major metropolitan areas (60.7% in the Tokyo area, 16.9% in the Osaka area, and 8.9% in Nagoya), and 13.5% in other areas.

In line with the philosophy of “MIRAI creates the future of the world”, the Investment Corporation believes that it is essential to tackle Environment, Society and Governance initiatives so as to realize sustainable society and that those initiatives will lead to mid-to long-term improvement of unitholder value, and it carries out ESG initiatives based on the Sustainability Policy.

The scope of this evaluation is the Green Finance Framework (the Framework), which is designed to limit the use of proceeds procured by the Investment Corporation through Green Bonds and Green Loans (Green Finance) to those that have environmental improvement effects. JCR will evaluate whether the Framework complies with the Green Bond Principles (2021 edition), the Green Loan Principles (2021 edition), the Green Bond Guidelines (2020 edition) and the Green Loan and Sustainability Linked Loan Guidelines (2020 edition). These principles and others are not binding because they are voluntarily published principles or guidelines and are not regulations by the International Capital Markets Association (ICMA), the Loan Market Association (LMA), the Asia Pacific Loan Market Association (APLMA), the Loan Syndication and Trading Association (LSTA) and the Ministry of the Environment, respectively; however, JCR refers to these principles and guidelines as uniform national and international standards at the present time.[1][2][3][4]

In the Framework, the Investment Corporation has determined the proceeds to be used for two types of projects. One is for green buildings with a certain or a higher certification level, and the other one is for renovation works, which will derive a certain or a higher level of environment improvement effects. The eligibility criteria for green building are properties with or properties, which are scheduled to obtain any of DBJ Green Building certified 3 stars or higher, CASBEE certified B+ rank or higher, LEED certified Silver or higher, or BELS evaluated 3 stars or higher. The eligible criteria for renovation work are renovation works aimed at beneficial improvements in terms of energy efficiency, water consumption performance, and other environmental effects that can be expected to reduce consumption volume by 30% of previous levels. JCR has evaluated that the eligibility criteria established by the Investment Corporation are targeting projects with environmental improvement effects.

The Investment Corporation intends to procure funds through green finance with clear environmental goals. It has established an internal system to deal with environmental issues, and has also secured a mechanism in which a department with specialized knowledge on the environment is involved in the selection process of the projects for which proceeds are to be used. In addition, the management of procured proceeds through green finance will be conducted appropriately by a predetermined department. For reporting, status of allocation of proceeds and indicators for environment improvement effects will be disclosed. Based on the above, JCR confirmed the management / operation system of the Investment Corporation and its high transparency.

As a result, based on JCR Green Finance Evaluation Methodology, JCR assigns "g1 (F)" for "Greenness Evaluation (Use of Proceeds) " and "m1 (F)" for "Management, Operation and Transparency Evaluation." Consequently, JCR assigns "Green1 (F)" for overall "JCR Green Finance Framework Evaluation" to the Framework.

The Framework meets the standards for the items required in the Green Bond Principles, the Ministry of the Environment's Green Bond Guidelines, and the Green Loan Principles.

[1] ICMA(International Capital Market Association) Green Bond Principles 2021
https://www.icmagroup.org/assets/documents/Sustainable-finance/2021-updates/Green-Bond-Principles-June-2021-140621.pdf

[2] LMA (Loan Market Association), APLMA (Asia Pacific Loan Market Association), LSTA(Loan Syndications and Trading Association) Green Loan Principles 2021 https://www.lma.eu.com/

[3] Ministry of the Environment's Green Bond Guidelines 2020 https://www.env.go.jp/press/files/jp/113511.pdf (pp.14-47)

[4] Ministry of the Environment's Green Loan and Sustainability Link Loan Guidelines 2020
https://www.env.go.jp/press/files/jp/113511.pdf (pp.48-89)

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

Evaluation Phase 1: Greenness Evaluation

Based on the current status described below and JCR's evaluation of the subject, JCR evaluated 100% of the use of proceeds was green project, and assigned "g1 (F)", the highest rank for Phase 1: Greenness Evaluation.

(1) JCR's Key Consideration in This Factor

In this section, JCR first confirms whether the use of proceeds set out in this framework is used for green projects that have a clear environmental improvement effect. Next, in cases where the use of proceeds is expected to have a negative impact on the environment, JCR confirms that the impact is examined sufficiently by an internal specialist department or an external third party and whether necessary measures for avoidance and mitigation have been taken. Finally, JCR confirms the alignment with the Sustainable Development Goals (SDGs).

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

<The Framework for Use of Proceeds>

The Investment Corporation intends to use the proceeds of the Green Finance to acquire the Green Building or carry out renovation work, or refinance the funds used for these activities meeting the following eligibility criteria:

- Green Eligibility Criteria 1: Properties that have acquired, renewed or will be acquired or renewed any of the following third-party certification bodies

①	DBJ Green Building Certification:	3-star, 4-star, or 5-star
②	CASBEE certification :	B+ rank, A rank, or S rank
③	LEED Certification:	Silver, Gold or Platinum
④	BELS Evaluation:	3-star, 4-star, or 5-star

- Green Eligibility Criteria 2: Renovation work for facilities aimed at beneficial improvements in environmental aspects, such as energy efficiency and water consumption performance, at real estate properties under management (30% reduction of consumption volume of previous year levels can be expected)

<JCR's Evaluation for the Framework>

a. Environmental Improvement Effects of the Project

i. The use of proceeds is financing or refinancing of buildings (Green Buildings) that have already acquired or are scheduled to acquire environmental certification for top 3 certification categories recognized by the region, country, or worldwide . Thereby high environment improvement effects can be expected.

1. Green Building

①DBJ Green Building Certification

Certification system provided by DBJ (Development Bank of Japan Inc.) to evaluate real estate 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 three major categories: "Ecology (environmental)," "Amenity (comfort) & Risk Management (crime prevention and disaster prevention)," and "Community (regional and landscape) & Partnership (stakeholder collaboration)." Each is represented by five stars (one of the highest domestic excellence), four stars (extremely excellent), three stars (very excellent), two stars (excellent), and one star (sufficient). Although this is not an evaluation specializing in environmental performance, it is highly recognized in Japan, and it also has certain evaluation items regarding environmental performance. Therefore, JCR evaluates this certification as also equivalent to the "green building that is recognized in the region, country, or internationally recognized standards or certification internationally" of the green project classification defined in the "Green Bond Principles." However, since the certification is not limited to the environmental performance, it is considered desirable to confirm the evaluation for the environmental performance individually.

DBJ Green Building Certification is based not only on the environmental performance of the property being evaluated, but also on a comprehensive assessment that includes the comfort of tenant users, risk management such as disaster prevention and crime prevention, consideration for the surrounding environment and community, and cooperation with stakeholders. There are many properties in the real estate market that do not reach the target of evaluation, and the scoring design is based on the aggregation of specific "excellent initiatives" for the environment and society. In order to be highly evaluated, it is necessary to be a building that is appropriately considered not only for the environment, but also for all stakeholders related to buildings.

The certification level of DBJ Green Building Certification is assumed to be the top 20% of all domestic income-producing real estate in "environmental and social considerations." [5] In addition, each evaluation up to three stars covers an aggregate of the top 10% (five stars), the top 30% (four stars) and the top 60% (three stars) of the properties that exceed the certification level. Therefore, the eligibility criteria of this investment corporation are evaluated as being focused on the properties with high environmental performance among the buildings aiming at the certification acquisition.

②CASBEE (Comprehensive Assessment System for Built Environment Efficiency)

CASBEE is an acronym for the English name of the **C**omprehensive **A**ssessment **S**ystem for **B**uilt **E**nvironment **E**fficiency). It is a method to evaluate and rate the environmental performance of buildings. It established the Comprehensive Environmental Evaluation Research Committee for buildings as a joint project between industry, government, and academia with the support of the Housing Bureau of the Ministry of Land, Infrastructure, Transport and Tourism in April 2001, and has been continuously developing and maintaining it since then. Evaluation tools include CASBEE-Buildings, CASBEE-Urban Development, etc., as well as CASBEE-Real Estate that have been developed with the purpose of showing environmental performance in an easy-to-understand manner for the real estate market.

CASBEE evaluates environment efficiency of buildings for the items in the four areas, such as energy consumption, resource circulation, regional environment and indoor environment, based on the value of BEE (eco-efficiency of buildings) using environmental impact of building (L=Load) as the denominator and environmental quality of buildings (Q=Quality) as the numerator after reconfiguring from the viewpoint of Q and L. The assessment results are divided into five grades: S rank (excellent), A rank (excellent), B+ rank (good), B- rank (slightly inferior), and C-rank (inferior). CASBEE-Real Estate is classified into four grades: S rank (excellent), A rank (excellent), B+ rank (good), and B rank (satisfying essential items). For high evaluation, in addition to environmental considerations such as energy saving and use of materials and equipment with low

[5] Revision and Release of DBJ Green Building Certification Assessment Items (February 2019 DBJ Green Building Certification Website)

environmental impact, consideration of indoor comfort and landscape, etc. are also required, and high overall building quality is required.

Buildings with CASBEE B+ or above, which the Investment Corporation has determined as eligibility criteria, are BEE of 1.0 or above in the CASBEE-Building. Since their environment quality clearly exceeds the environment load, and also under the CASBEE-Real Estate, they are B+ equivalent in the existing CASBEE-Building, etc., though its measurement standard is not BEE, JCR has evaluated that the buildings have environment improvement effects.

③LEED (Leadership in Energy and Environment Design)

This is an environmental performance assessment system for buildings and cities developed and operated by the U.S. Green Building Council (USGBC), a non-profit organization. As of 2021, there were certified buildings in more than 160 countries or territories. LEED adopts the acronym of Leadership in Energy and Environment Design, and the draft was published in 1996 and is updated once every few years.

There are five types of certification: BD+C (architectural design and construction), ID+C (interior design and construction), O+M (operation and maintenance of existing buildings), ND (neighborhood development), and HOMES (homes).

Certification levels are expressed by the sum of points acquired for each item. From above, Platinum (over 80 points), Gold (60-79 points), Silver (50-59 points), and Certified (standard certification) (40-49 points). In terms of items related to energy conservation, it is often the precondition for evaluation that points are high or have been achieved, and high energy efficiency is considered necessary in order to obtain a high level of certification. Therefore, Silver and above that which the Investment Corporation has established as the eligibility criteria are considered to be the certification level that can be obtained by buildings that are highly energy-efficient, and are evaluated as having an environmental improvement effect.

④BELS (Building-Housing Energy-efficiency Labeling System)

BELS is the acronym for the English name (**B**uilding-Housing **E**nergy-efficiency **L**abeling **S**ystem) of the building energy conservation performance labeling system. It is a system in which energy conservation performance is evaluated and certified by a third-party evaluation organization for new and existing buildings. External performance and primary energy consumption are evaluated. In order to obtain a high evaluation result, it is required to have excellent energy-saving performance. The rating is expressed by the number of stars and ranked from one to five scale according to BEIs (Building Energy Index). BEI is a scale to measure energy conservation performance relative to the standard value, and is calculated using the design primary energy consumption as the numerator and the standard primary energy consumption as the denominator. One star indicates satisfaction of the existing energy saving standards, two stars indicate satisfaction of the energy saving standards, and three stars indicate satisfaction of the guidance standards.

Since the buildings with three stars or more in BELS, for which the Investment Corporation determines as eligible, have the energy-saving performance of the guidance standards or higher level, JCR evaluates that they are appropriate as a use of proceeds.

2. Renovation work

The Investment Corporation determines that renovation work aimed at beneficial improvements in energy efficiency, water consumption performance, and other aspects that are expected to have a 30% reduction effect on consumption volume compared to the past levels as eligibility criteria of renovation work. Concrete environmental improvement effects can be expected as the effect before and after the renovation work are indicated quantitatively for any of the items. In addition, the rate of reduction in energy consumption, etc. is comparable to the global level. Therefore, JCR evaluates that renovation work that satisfies eligibility criteria has a high environmental improvement effect.

Based on the above, the JCR evaluates that the use of proceeds determined in the Framework has a high environmental improvement effect.

ii. The use of proceeds falls under the category of "regional, national or internationally recognized standards and certification green buildings" and "energy conservation" among green projects as defined in the Green Bond Principles or the Green Loan Principles, and also green building relating business and energy conservation relating business among the examples of use of proceeds indicated in the Green Bond Guidelines and the Green Loan and Sustainability Linked Loan Guideline.

According to a study by the World Green Building Association, CO_2 emissions from buildings account for 39% of total emissions. As a measure to prevent global warming in our country, further popularizing green buildings with high energy saving effects is crucial. In the Basic Energy Plan approved by the Cabinet in July 2018 states that Japan will aim to realize net zero energy building (ZEB) on average of new buildings by 2030. In addition, the growth strategy for the housing and building industries under the "Green Growth Strategy Associated with Carbon Neutrality 2050"announced in December 2020, it is stated that energy-saving renovations, etc. will be promoted as much as possible, among others, in order to achieve the aforementioned targets for 2030. Therefore, the facts that the Investment Corporation actively acquiring buildings with high environment certification levels or engaging in renovation work aiming to achieve high environment improvement are consistent with the energy conservation policy of our country.

b. Negative Impacts on the Environment

For the use of proceeds under Eligibility Criteria 1, the Asset Manager verifies feasibility of negative impacts on the environment by referring to the appraisals, engineering reports, assessment documents used for obtaining third-party certification or materials relating to the latest operation status, etc. of the subject property, For the use of proceeds under the Eligibility Criteria 2, in addition to the materials listed in the Eligibility Criteria 1 as above, the Asset Manager verifies feasibility of negative impacts on the environment by referring to the renovation work plans and the estimation materials for the environment improvement effects. Where the property may have negative impacts on the environment, the Asset Manager will consider changing the operation method of the target property to a method with less environmental impact, or also considering avoiding or mitigating the negative impact by modifying the renovation work specifications. Where the negative impact on the environment is greater than the improvement effect, execution of the loan as green finance will be reexamined.

From this, JCR confirmed that the Investment Corporation gives appropriate consideration to the negative impacts on the environment.

c. Consistency with SDGs

The purpose of the proceeds was classified into energy conservation, regional/national, or internationally recognized standards and certification Green Buildings. JCR evaluated the project as contributing to the following SDGs objectives and targets, while referring to ICMA's SDGs mappings.

Objective 7: Ensure access to affordable, reliable, sustainable, and modern energy for all

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

Objective 9: Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation

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: Make cities and human settlements inclusive, safe, resilient and sustainable

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.

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 green 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

<The Framework for Executing Green Finance>

The Asset Manager is sponsored by two companies, Mitsui Bussan Group and IDERA Capital Management Ltd. In managing assets, the Asset Manager aims to expand asset size and maximize unitholder value through investing in and managing a wide range of asset categories by linking and integrating the "integrated capability and business knowledge" of the Mitsui Bussan Group and the "real estate value creation capabilities" of IDERA Capital Management Ltd.

In the Sustainability Policy, the Asset Manager appropriately identifies and manages the environmental impact relating to operation of real estate through its environmental management system, and stipulates that it will conserve global environment through initiatives for reducing greenhouse gas emission, efficient use of resources and energy, reducing water consumption and sustainable use of water resources.

<JCR's Evaluation for the Framework>

The Investment Corporation uses funds procured through green financing to allocate new investments or refinance for the acquisition of properties that have been granted environmental certification or for renovation work that has effects of improving the environment more than a certain level. This contributes to "1. Conservation of the global environment through environmental management of the portfolio", "2. Consideration of environmental and social risks in the asset management process," and "6. Disclosing of ESG information and securing transparency " in the Sustainability Policy of the Investment Corporation.

MIRAI Corporation Sustainability Policy (excerpt)

1. Conservation of the global environment through environmental management of portfolio
2. Consideration of environmental and social risks in asset management process
3. Coorporation with external stakeholders
4. Initiatives for Employees
5. Respect for Human Rights

6. Disclosing of ESG information and securing transparency

7. Maintaining Compliance

8. Responsibility of trustee and consideration to unitholder right

Based on the above, the JCR evaluates that execution of green finance based on the Framework is consistent with the Investment Corporation's goals.

b. Selection standards

JCR evaluates, as confirmed in the Evaluation Phase 1, that the projects, which satisfy the eligibility criteria of the Framework will have environmental improvement effects.

c. Processes

<The Framework for the Selection Process>

In selecting green projects that meet standards of the use of proceeds ("Eligible Green Projects"), the Financial Planning Department of the Asset Manager gives a consideration to the projects based on materials verified by third-party certifications and the verification material showing effects of improvements in energy efficiency. The Sustainability Promotion Committee ensures whether the projects selected by the Financial Planning Department conform to the eligibility criteria (Greenness), and then the final decision will be made by the ultimate decision maker (including the Board of Directors, etc.) determined by the Asset Manager's rules, etc.

<JCR's Evaluation for the Framework>

Projects, for which proceeds of green financial are used, are selected by the Financial Planning Department of the Asset Manager, and the implementation of green financing is decided after deliberation at the Sustainability Promotion Council, which is a collegial body responsible for promoting the businesses of various measures related to ESG of the Asset Manager. The Sustainability Promotion Committee deliberates and decides sustainability-related targets and measures in accordance with the Sustainability Policy of the Investment Corporation. The Executive Vice President and Representative Director of the Asset Manager serves as the responsible promotion officer, and the attendees are the CFO responsible for execution, full-time directors, general managers of each department, and compliance officers.

The goals, selection criteria and processes set forth in the Framework will be disclosed on the Investment Corporation's website.

The JCR believes that the Investment Corporation has established appropriate selection criteria and the processes for the selection of projects, for which proceeds are to be used, and that transparency is ensured for 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 green 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 green 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>

> In line with the market practices, the Investment Corporation has established internal processes for managing and monitoring appropriation status of proceeds and the balance of green financing. The Investment Corporation determines the maximum amount to be raised through the green financing under the Framework (the "Green Eligible Debt Cap") to be calculated by multiplying the sum of the aggregate acquisition price of properties that meet Eligibility Criteria 1 and the aggregate amount of expenditures for construction and renovation projects that meet Eligibility Criteria 2 by total asset LTV as of the end of the most recent fiscal year end (Loan to Value/ ratio of Interest-Bearing Debt).

<JCR's Evaluation for the Framework>

The proceeds of green financing are expected to be appropriated to the eligible projects as soon as possible after the procurement. In addition, green finance tracking management, including regular checking, will be conducted by the Financial Planning Department. This tracking management is subject to financial audits; therefore, a mechanism is in place to ensure appropriate control.

As the proceeds of green financing will be allocated to the use of proceeds promptly after the procurement, no unappropriated funds will arise in principle.

On the other hand, where unappropriated funds arise from sale of properties subject to the use of proceeds and other reasons before redemption / repayment of the green finance, the Investment Corporation plans to apply portfolio management and manage the unappropriated funds. Specifically, the size of Eligible Green Project (total acquisition price of property held satisfying the Eligibility Criteria 1 and total expenditure of construction/renovation work satisfying the Eligibility Criteria 2) multiplied by the total asset LTV as of the end of the most recent fiscal year is determined as the upper ceiling of the green eligible liability to manage that the balance of green finance should not exceed the upper ceiling of the green eligible liability. Premised on the Framework, no unappropriated funds will arise.

Based on the above, JCR evaluates that the fund management of the Investment Corporation is highly 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 green 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

a. Reporting on the appropriation of funds

The use and appropriation status of the proceeds of the Green Finance will be published on the Investment Corporation's website. Where significant events occur, such as sale of a property, for which proceeds to be used, , it is assumed that the Investment Corporation will promptly disclose such events in the press release.

b. Reporting on environmental improvement effects

The Investment Corporation plans to publish information relating to environmental certification of buildings, for which proceeds of the green financing to be used, quantitative data on energy consumption, etc. for the entire property holdings, and environment improvement effect data relating to renovation work on its website.

Output	Acquisition of environmentally certified properties and implementation of renovation work for facilities aimed at beneficial improvements in environmental aspects
Outcome	① For projects that conform to Qualified Criteria 1 I. Status of Acquisition of Environmental Certification (Number of Properties, Total Floor Space, Certification Type, Certification Rank) II. Energy consumption (mwh) III. Greenhouse gas reduction volume (tons-CO2) IV. Greenhouse Gas Emissions per Total Floor Area (t-CO2/m^2) V. Water consumption (m^3) VI. Weight of waste materials (tons) ② For projects that conform to Qualified Criteria 2 I. Overview of Facility Renovation Construction (Target Properties, Amount of Construction, Time of Implementation, etc.) II. Quantitative indicators for the following items for which reduction effects are expected a. Energy consumption (mwh) b. Greenhouse gas reduction (tons-CO2) c. Water consumption (m^3) d. Weight of waste materials (tons)
Impact	Conservation of the global environment through efforts such as reduction of greenhouse gas emissions, efficient use of resources and energy, water conservation and sustainable use of water resources, and reduction and appropriate treatment of waste emissions through environmental management in the asset portfolio

JCR has evaluated that the Investment Corporation plans to disclose both the status of allocation of funds and environment improvement effects appropriately to investors, etc.

4. Organization’s Environmental Initiatives

(1) JCR's Key Consideration in This Factor

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

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

As the Investment Company sets out its corporate philosophy of "MIRAI" creates the future of the world, it recognizes various ESG issues, including environmental issues, as important management issues, and it promotes various initiatives led by the Asset Manager's Representative Director and Executive Vice President as the responsible person for promotion and CFO as the person responsible for execution. In addition, it has also been enhancing its internal system including formulation of Sustainability Policy as the internal rules of the Asset Manager, and establishing Sustainability Promotion Committee as an exclusive collegial body, in which full-time directors and General Managers participate.

As a collegial body, the "Sustainability Promotion Committee" was established at the end of March 2021, and attendees are full-time directors, General Manager of each division, and compliance officers. The meeting has been held regularly with a frequency of once every three months or more. In this meeting, resolutions are made on each issue based on the stipulated authority after discussing specific matters for ESG. At this time, there are no dedicated departments, but a person in the Financial Planning Department has been appointed as the coordinator to put together the company-wide sustainability issues; therefore, it is deemed that the Investment Corporation has established a mechanism to collect information across the departments possessing expertize in real estate, finance, governance, and other areas. With regards to management of real estate properties, it works with the Asset Management Department of its parent, Mitsui & Co. Asset Management Holdings Ltd.. The department has members with expertise in sustainability in real estate.

Based on the Sustainability Policy, the Investment Corporation has newly established environmental performance targets in order to properly identify and manage the environmental impact of real estate operations and to implement operations that contribute to environmental conservation. Specifically, it aims to reduce the greenhouse gas emission intensity and energy consumption intensity of the properties in the portfolio by 5% over the next five years. The properties held by the Investment Corporation with environmental certification account for 55.0% based on the acquisition price and 62.0% based on the gross floor area of the entire properties in the portfolio.

The Investment Corporation intends to promote various ESG measures with the aim of continuous improvement of evaluation. It participated in GRESB Real Estate evaluation in 2021 for the first time and has been acclaimed.

Based on the above, JCR has evaluated that the Investment Corporation has appropriately established a system for addressing environmental issues by positioning the management team as a high priority issue and utilizing the know-how of external experts with expert knowledge.

■Evaluation result

Based on the JCR Green Finance Evaluation Methodology, JCR assigns "g1 (F)" for the "Greenness Evaluation (Uses of Proceeds)" and "m1 (F)" for the "Management, Operation, and Transparency Evaluation." As a result, JCR assigns "Green 1 (F)" for the "JCR Green Finance Framework Evaluation" to the Framework. The framework meets the standards for the items required in the Green Bond Principles, the Green Bond Guidelines, and the Green Loan Principles.

[JCR Green Finance Framework Evaluation Matrix]

		Management, Operation, and Transparency Evaluation				
		m1(F)	m2(F)	m3(F)	m4(F)	m5(F)
Greenness Evaluation	g1(F)	Green 1(F)	Green 2(F)	Green 3(F)	Green 4(F)	Green 5(F)
	g2(F)	Green 2(F)	Green 2(F)	Green 3(F)	Green 4(F)	Green 5(F)
	g3(F)	Green 3(F)	Green 3(F)	Green 4(F)	Green 5(F)	Not qualified

	g4(F)	Green 4(F)	Green 4(F)	Green 5(F)	Not qualified	Not qualified
	g5(F)	Green 5(F)	Green 5(F)	Not qualified	Not qualified	Not qualified

■ Scope of Subject

Issuer: MIRAI Corporation (Security Code: 3476)

Assignment

Subject	Evaluation
Green Finance Framework	JCR Green Finance Framework Evaluation: Green 1(F) Greenness Evaluation : g1(F) Management, Operation and Transparency Evaluation : m1(F)

(Responsible analysts for this evaluation) Atsuko Kajiwara and Hiroshi Kawagoe

Important explanation regarding the evaluation of the Green Finance Framework

1. Assumptions, Significance, and Limitations of JCR Green Finance Framework Evaluation
   JCR Green Finance Framework evaluation, which is granted and provided by Japan Credit Rating Agency, Ltd. (JCR), covers the policies set out in the Green Finance Framework, and expresses the overall opinion of JCR at this time regarding the appropriateness of the Green Project as defined by JCR and the extent of management, operation and transparency initiatives related to the use of funds and other matters. Therefore, it is not intended to evaluate the effects of specific environmental improvements, management and operation systems, and transparency of individual bonds and borrowings, etc. to be implemented based on these policies. In the event that an individual bond or individual borrowing based on this framework is subject to a green finance evaluation, it is necessary to conduct a separate evaluation. In addition, the JCR Green Finance Framework evaluation does not demonstrate the environmental improvement effects of individual bonds or borrows implemented under this framework, and does not assume responsibility for environmental improvement effects. In principle, JCR does not directly measure the environmental improvement effects of funds procured under the Green Finance Framework, although JCR confirms the quantitative and qualitative measures by the issuer or a third party requested by the issuer.
2. Method used to perform this evaluation
   The methodologies used in this assessment are described in "JCR Green Finance Evaluation" on the "Sustainable Finance ESG" section of the JCR website (https://www.jcr.co.jp/en).
3. Relationship with Acts Concerning Credit Rating Business
   The act of granting and providing an evaluation of JCR Green Finance Framework is conducted by JCR as a related business and differs from the act related to the credit rating business.
4. Relationship with Credit Ratings
   The Evaluation is different from the Credit Rating and does not commit to provide or make available for inspection a pre-determined credit rating.
5. Third-Party Evaluation of JCR Green Finance Framework Evaluation
   There are no capital or personnel relationships that may result in a conflict of interest between the evaluation parties and JCR.

■ Glossary
JCR Green Finance Framework Evaluation: The extent to which the funds procured through green finance are appropriated for green projects as defined by JCR, and the degree to which the management, operation, and transparency of the green finance are managed. Evaluations are performed on a 5-point scale, from the top to the top using the Green1 (F), Green2 (F), Green3 (F), Green4 (F), and Green5 (F) symbols.

■ Status of Registration as an External Evaluator of Green Finance
- Registered as an External Reviewer of Green Bonds by the Ministry of the Environment
- ICMA (registration as an observer with the Institute of International Capital Markets)

■ Other status of registration as a credit rating agency, etc.
- Credit Rating Agency Commissioner (Rating) No. 1
- EU Certified Credit Rating Agency
- NRSRO: JCR is registered in the following 4 classes of 5 credit rating classes (as defined by the NRSRO(Nationally Recognized Statistical Rating Organization of the U.S. Securities and Exchange Commission): (1) Financial institutions, broker-dealers, (2) insurance companies, (3) general business corporations, and (4) governments and municipalities. If we are subject to disclosures under Rule 17g-7(a) of the U.S. Securities and Exchange Commission, such disclosures are

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■For further information, contact

Information Service Dept. TEL: 03-3544-7013 FAX: 03-3544-7026

Japan Credit Rating Agency, Ltd.
Jiji Press Building, 5-15-8 Ginza, Chuo-ku, Tokyo 104-0061, Japan
Tel. +81 3 3544 7013, Fax. +81 3 3544 7026