

Framework Overview and Second-Party Opinion

MORI BUILDING Co., Ltd. Green Bond

Evaluation Summary

Sustainalytics is of the opinion that the MORI BUILDING Co., Ltd. Green Bond Framework is credible and impactful, and aligns with the four core components of the Green Bond Principles 2018. This assessment is based on the following:



USE OF PROCEEDS The eligible category for the use of proceeds, green buildings, is recognized by the Green Bond Principles. Sustainalytics considers that the eligible projects will lead to positive environmental impacts and advance the UN Sustainable Development Goals (SDGs), specifically SDGs 7 and 11.



PROJECT EVALUATION / SELECTION A Green Bond Committee, comprised of members of the Finance Department and a department which promotes sustainability, will select eligible projects, and corporate officers of both Departments will be responsible for project evaluation and selection. The final decision is made by the President and CEO. This is in line with market best practice.



MANAGEMENT OF PROCEEDS MORI BUILDING's Finance Department will use existing tracking systems to manage the proceeds, with monitoring conducted biannually. Pending allocation, funds will be held in cash or cash equivalents, subject to disclosure in statutory documents. This is in line with market practice.



REPORTING MORI BUILDING is committed to annual reporting on allocation and impact via its website. The former will include amounts allocated to each eligible project, while the latter will consist of information on certifications achieved and quantitative metrics of environmental performance. This is in line with market practice.

Alignment with Japan's Green Bond Guidelines 2017

Sustainalytics is of the opinion that the MORI BUILDING Co., Ltd. Green Bond Framework is in line with the ICMA Green Bond Principles. In addition, Japan's Green Bond Guidelines communicate what an issuer should do to issue a credible green bond. Sustainalytics considers the MORI BUILDING Co., Ltd. Green Bond Framework to be aligned with the 'requirements of' Japan's Green Bond Guidelines.

Evaluation date	January, 2019
Issuer Location	Tokyo, Japan

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Introduction

MORI BUILDING Co., Ltd. (“MORI BUILDING” or the “Issuer”) has developed a green bond framework (the “framework”) under which it is planning to issue green bonds and use the proceeds to finance/refinance expenditures related to green buildings.

MORI BUILDING engaged Sustainalytics to review the framework and provide a second-party opinion on the alignment of the green bond with the Green Bond Principles 2018 (the “GBP”), as administered by the International Capital Market Association (the “ICMA”),¹ and the framework’s environmental credentials.

As part of this engagement, Sustainalytics held conversations with various members of MORI BUILDING, including the Finance Department and Sustainability Office, to understand the sustainability impact of their business processes and planned use of proceeds, as well as management of proceeds and reporting aspects of MORI BUILDING’s green bond. Sustainalytics also reviewed relevant public documents and non-public information.

This document contains two sections: Framework Overview – summary of the MORI BUILDING Co., Ltd. Green Bond framework; and Sustainalytics’ Opinion – an opinion on the framework.

Overview of Issuer

MORI BUILDING is a comprehensive landscape developer founded in Japan in 1959; Mori Fudosan, the predecessor of the company, was established in 1955. Since its inception, MORI BUILDING has operated leasing and management of office buildings focusing in the area of Minato Ward, Tokyo as its core business. To diversify its business, MORI BUILDING operates retail facilities, urban redevelopment with mixed-use of office buildings, residences, retail facilities, and cultural facilities and overseas business. In recent years, while focusing on its leasing business, MORI BUILDING also operates culture management, hotels, and consulting for urban development. MORI BUILDING strives to create rich urban life and develop Tokyo as an international city through its business activities.

The MORI BUILDING Group contributes to the creation of a sustainable society for the future by promoting the harmonious coexistence of cities and nature, low-carbon cities, and resource recycling. MORI BUILDING does so through urban development and operation inspired by the “Vertical Garden City”².

In order to further promote its environmental objectives and certified green buildings, MORI BUILDING is planning to issue green bonds.

¹ ICMA’s Green Bond Principles 2018; <https://www.icmagroup.org/green-social-and-sustainability-bonds/green-bond-principles-gbp/>

² Vertical City Garden, Mori Building; https://www.mori.co.jp/en/company/urban_design/vgc.html

Framework Overview

For the purpose of issuing green bonds, MORI BUILDING has developed the following framework which addresses the four core components of the Green Bond Principles (GBP): use of proceeds, project evaluation and selection process, management of proceeds, and reporting. The framework belongs to MORI BUILDING and a summary overview has been provided below.

Use of Proceeds

The proceeds of the green bond will be allocated towards financing and/or refinancing the projects that meet the following criteria.

Eligibility Criteria

GREEN BUILDINGS

The proceeds of the green bond will be allocated toward expenditures or investments in new and/or existing buildings that i) have received at least one of the following third-party green building certifications or recertifications within 24 months prior to the date of green bond issuance, ii) are expected to receive certification or recertification post issuance, or iii) have a construction completion date within 24 months prior to the date of green bond issuance and have at least one valid certification or recertification. Expenditures may include costs related to acquisition, planning and development, construction (including the cost of co-partner's contribution for redevelopment), refurbishment and operational management. The following certifications and levels are deemed eligible under this Framework:

- A or S Rank under the Comprehensive Assessment System for Built Environment Efficiency (CASBEE) Certification for Buildings (New Construction, Existing Buildings, and Renovation) or CASBEE Certification for Real Estate
- Platinum or Gold Rank under the LEED BD+C (Building Design and Construction) or LEED O+M (Building Operations and Maintenance)
- 4 or 5 Stars under the Building Energy-efficiency Labeling System (BELS)
- 4 or 5 Stars under DBJ Green Building Certification
- Gold Plus or Platinum Rank under the BCA Green Mark Certification

MORI BUILDING will continuously recertify third-party green building certifications for its assets after their expiration by sustaining and improving assets' environmental performance through maintenance and refurbishment.

Project Evaluation and Selection Process

Application of Eligibility and Exclusionary Criteria in Project Selection

MORI BUILDING operates its business activities inspired by "Vertical Garden City"³. Under that vision MORI BUILDING takes "Environment and Greenery" as one of its missions. MORI BUILDING set the eligibility criteria to select projects which will contribute to its mission, "Environment and Greenery". The net proceeds of the green bond(s) will be allocated to project(s) which meets the eligibility criteria.

MORI BUILDING's Green Bond Committee will be charged with project selection in accordance with the eligibility criteria. The Green Bond Committee is comprised of members of MORI BUILDING's Finance Department and a department which promotes sustainability as applicable. Selection of eligible projects is approved by a corporate officer of the Finance Department and a department which promotes sustainability and the final decision is made by the President and CEO of the company.

³ Vertical City Garden, Mori Building; https://www.mori.co.jp/en/company/urban_design/vgc.html

Environmental Objectives

MORI BUILDING's business is designing and constructing urban cities and developing them with tenants and users. "Vertical Garden City" is the concept behind its proposal for building cities. "Vertical Garden City" is a compact city that integrates work, residence/living, entertainment, commerce, education, relaxation, culture, social interaction, and other urban functions vertically into a high-rise building with everything necessary available within walking distance. Combining segmented properties and creating a taller building minimizes above-ground built-up areas, making the resulting empty space available for people and nature. This not only fosters urban nature and achieves living where people can experience the four seasons, but also mitigates the heat island phenomenon by covering ground surface and rooftops with greenery. The aggregation of diverse urban functions also brings about a levelling of energy demand, enhancing energy efficiency. A compact city where work and residence are in close proximity greatly reduces the time and energy required for commuting to work or school. It also has positive effects on resource recycling and efficiency of distribution. Moreover, making high-level use of urban centers in this form aids in the protection of nature in suburbs. The "Vertical Garden City" is a new urban model that aims for the harmonious coexistence of cities and nature where constraining impact on the global environment.

MORI BUILDING always pursues three missions consisting of "Safety and Security", "Environment and Greenery", and "Culture and Art", which leads to setting out an Environmental Philosophy and Environmental Policies. The company examines them in every development from the planning phase to administrative operation phase.

MORI BUILDING contributes to the creation of a sustainable society for the future by promoting the "Harmonious Coexistence of Cities and Nature", "Low-carbon Cities", and "Resource Recycling". MORI BUILDING does so through urban development and operation inspired by the "Vertical Garden City". To promote the above, MORI BUILDING works on "legal compliance and the development of an environmental management system", "disclosure of environmental information" and "implementing environmental education and activities to develop environmental awareness".

Process to Mitigate Environmental and Social Risks

As part of MORI BUILDING's compliance activities, the MORI BUILDING Group strictly ensures that all officers and employees comply with all applicable laws and regulations, including environmental laws and regulations such as the Environmental Impact Assessment and the System of Building Environment Plan described below.

MORI BUILDING follows the procedures for Environmental Impact Assessment set by Tokyo Metropolitan Environmental Impact Assessment Code. The Code obliges surveys, prediction and evaluation of the possibility of negative environmental impact accompanying the implementation of large-scale development projects. In the Environmental Impact Assessment procedure, it is required to have briefing sessions at the planning and operation phase of the projects, to provide information to residents and to create opportunities for residents and related municipalities to express their opinions.

According to the System of Building Environment Plan (Green Building Program) established by the Bureau of Environment of Tokyo Metropolitan Government, newly built or extended buildings whose total floor area exceeds 5,000 square meters are required to submit their building environment plans. New or extended buildings whose total floor area exceeds 10,000 square meters are also required to submit energy conservation performance standards, energy conservation performance targets (only applied to specific development projects) and energy conservation performance evaluation documents. In implementing newly constructed or expanded buildings which exceed the above scale, it is necessary to fill out Building Environment Plan documents to clarify its environment-friendly design contents, submit it and receive confirmation from the Tokyo Metropolitan Government. The plan is assessed by environment-friendly points such as streamlining of energy use, appropriate utilization of resources, protection of natural environment and mitigation of the heat island phenomenon. The MORI BUILDING Group complies with the System of Building Environment Plan when it constructs buildings with requirement scales and all projects clear the requirement of Grade 2 (High Standards of Efforts) for reduction in heat load and energy conservation through their equipment systems. Furthermore, the Group aims for Grade 3 (Best Efforts) in the urban redevelopment projects in specific districts.

In addition to the above laws and regulations, MORI BUILDING has established guidelines that internally promote various regulations stipulated by the Act on the Rational Use of Energy in Japan and complies with it. To realize a sustainable society and environment, MORI BUILDING has established several committees and conference systems for environmental management.

Management of Proceeds

MORI BUILDING's Finance Department is in charge of allocation and management of proceeds. MORI BUILDING's Finance Department has internal management systems to track and manage the budget of projects that meet the eligibility criteria and actual expenditures on a biannual basis.

MORI BUILDING will disclose its policy of managing proceeds in the form of cash or cash equivalents while pending their allocation to eligible projects in Shelf Registration Supplements or other statutory documents at the date of the issuance.

Reporting

Allocation Reporting

MORI BUILDING will annually disclose its allocation reporting on its website. The contents of disclosure are the list of assets financed/refinanced, the amount of allocated and unallocated proceeds on a project by project basis.

Impact Reporting

MORI BUILDING will disclose the following indicators until the maturity of the green bond. This reporting will be provided annually on the Issuer's website.

- Name of the building and project
- Name and level of certifications the eligible project received
- Energy consumption
- Energy conservation
- CO2 emissions
- CO2 emissions of total floor area
- Water consumption

Sustainalytics' Opinion

Section 1: Sustainalytics' Opinion on the MORI BUILDING Co., Ltd. Green Bond Framework

Summary

Sustainalytics is of the opinion that the MORI BUILDING Co., Ltd. Green Bond Framework is credible and impactful, and aligns with the four core components of the Green Bond Principles 2018. Sustainalytics highlights the following elements of MORI BUILDING's green bond framework:

- Use of Proceeds:
 - The eligibility criterion of its use of proceeds, Green Buildings, is recognized by the Green Bond Principles as a project category with positive environmental benefits.
 - Strong alignment with credible third-party standards, namely CASBEE, LEED, BELS, DBJ Green Building Certification, and BCA Green Mark, signals adherence to global market standards. Sustainalytics notes that the market best practice is to allocate the proceeds into the top two levels of certification within these schemes, and views positively the framework's inclusion of only those levels. (Please refer to Appendix 1 for our assessment on these certifications).
 - MORI BUILDING is committed to using the net proceeds of the bond to refinance projects which have achieved certification within the 24 months preceding issuance, as well as those achieving certification post issuance. Sustainalytics is of the opinion that this lookback period is in line with market standards.
- Project Selection Process:
 - MORI BUILDING has established a Green Bond Committee, consisting of members of the Finance Department and a department which promotes sustainability. A corporate officer of the Finance Department and a department which promotes sustainability will be responsible for project evaluation and selection. Final decision will be made by the Company's President and CEO.
 - Based on the involvement of C-level officers, Sustainalytics considers this approach to be in line with market best practice.
- Management of Proceeds:
 - MORI BUILDING's Finance Department is responsible for the management of proceeds and will use its internal tracking systems to monitor allocations on a biannual basis.
 - Pending allocation, funds will be held in cash or cash equivalents, with additional disclosure provided in shelf registration supplements or other statutory documents at the time of issuance.
 - Sustainalytics considers this approach to be in line with market practice.
- Reporting:
 - MORI BUILDING is committed to annual allocation reporting on its website, including the list of assets financed/refinanced, the amount allocated to each eligible project and the unallocated proceeds. This disclosure is in line with market practice.
 - MORI BUILDING is committed to annual impact reporting on its website, including green building certifications received, and quantitative indicators of energy consumption, energy conservation, CO2 emissions and water consumption. This disclosure is in line with market practice.

Alignment with Green Bond Principles 2018

Sustainalytics has determined that the MORI BUILDING Co., Ltd. Green Bond Framework aligns with the four core components of the Green Bond Principles 2018. For detailed information please refer to Appendix 2: Green Bond/Green Bond Programme External Review Form.

Alignment with Japan's Green Bond Guidelines 2017

The Japanese Green Bond Guidelines communicate what an issuer should do to issue a credible green bond. Sustainalytics considers MORI BUILDING's green bond framework to be aligned with the 'requirements of Japan's Green Bond Guidelines.

ICMA Green Bond Principles and Japan's Green Bond Guidelines, 2017 ⁴	Alignment with GBP and with Japan's Green Bond Guidelines?	Sustainalytics' comments on alignment with Japan's Green Bond Guidelines. ⁵
1. Use of Proceeds	Yes	MORI BUILDING's selected eligibility criteria, green (energy efficient) buildings, are clearly recognized as green projects with clear environmental benefits in the Japanese Green Bond Guidelines. Additionally, the information on the management of green bond proceeds, green project categories, as well as the process to mitigate the risks of negative impacts are all described in the framework and will be accessible to the investors.
2. Process for Project Evaluation and Selection	Yes	MORI BUILDING will select projects which fulfill one of its mission statements, "Environment and Greenery", and in particular those which have achieved certified green building status. Furthermore, MORI BUILDING has established a committee to ensure that selection processes are followed.
3. Management of Proceeds	Yes	MORI BUILDING's framework states that the finance team will manage proceeds using its internal tracking system, monitored on a biannual basis. MORI BUILDING will disclose in statutory documents how unallocated proceeds will be held in cash or cash equivalents.
4. Reporting	Yes	MORI BUILDING has confirmed that its reporting on the bond will be annual and will include the amounts allocated to each project, as well as impact indicators including the green building certifications achieved, electricity consumption, water consumption, and CO2 emissions of eligible green properties.

⁴ Green Bond Guidelines, 2017, Summary, Ministry of the Environment, Japan; <https://www.env.go.jp/en/policy/economy/gb/summary2017.pdf>

⁵ For detailed comments on alignment with ICMA GBP, please see Appendix.

Section 2: Sustainability Strategy of the Issuer

Contribution of framework to issuer's sustainability strategy and targets

MORI BUILDING operates its business activities inspired by the "Vertical Garden City".⁶ To realize this ideal, the company has set "Environment and Greenery" as one of its three missions to pursue in every development from planning to administrative and operations phases.⁷

Furthermore, in accordance with this ideal, MORI BUILDING has set Environmental Policies which consist of three pillars, "Harmonious Coexistence of Cities and Nature", "Low-carbon Cities", and "Resource Recycling". To promote these policies, the company has specified that it works on "legal compliance and the development of an environmental management system", "disclosure of environmental information" and "implementing environmental education and activities to develop environmental awareness".⁸ In practice, that means that MORI BUILDING has committed to policies and undertaken initiatives to advance its environmental objectives. These include⁹:

- Using green building certifications as a tool to promote environmentally conscious design, in particular from CASBEE for Buildings (New Construction), setting the highest-level S certification as a target. As of January 2019, the company has received A or S Rank of CASBEE for Buildings (New Construction) or CASBEE Certification for Real Estate for 10 properties.¹⁰
- In order to foster a rich ecosystem in an urban center, the company is creating areas as "bases for an ecological network" to act as relay and rest sites for living beings that travel among nearby green spaces, in accordance with plans including the Tokyo Metropolitan Environmental Master Plan and the Minato Ward Comprehensive Plan Regarding Green Space and Water. The green coverage rate of the facilities managed and operated by the company has increased from 23.3% in 1990 to 37.4% in 2018¹¹, demonstrating how the company's development has contributed to the promotion of urban greening.

The company has implemented the latest environmentally friendly technologies to new construction and undertakes energy-conserving renovations in existing buildings to reduce carbon emissions. The initiatives include high-efficiency air-conditioning systems, Building Energy Management System (BEMS), LED lighting systems and energy conservation measures for windows and external walls. Given the company's commitments, policies, and positive track record, Sustainalytics is of the opinion that MORI BUILDING's framework is in line with its business strategy, will contribute to the realization of its sustainability efforts, and that the company is well positioned to issue a green bond.

Well positioned to address common environmental and social risks associated with the projects

By constructing green buildings, or refurbishing existing buildings to improve performance, the use of proceeds of MORI BUILDING's green bonds will deliver environmental benefits. Nevertheless, the buildings and real estate sector may be exposed to environmental and social risks, including but not limited to, worker health and safety, community and stakeholder support, and environmental impacts of the construction processes such as air, water, and soil pollution. MORI BUILDING has policies and procedures in place to support the mitigation of these risks.

MORI BUILDING enforces strict compliance with all applicable laws and regulations, including a commitment to conduct Environmental Impact Assessments (EIA) and to either meet the requirement of Grade 2 (High Standards of Efforts) or Grade 3 (Best Efforts) of the System of Building Environment Plan established by the Tokyo Metropolitan Government. Additionally, MORI BUILDING has adopted internal guidelines that align with regulations of the Act on the Rational Use of Energy in Japan.¹² To ensure that the Company meets its

⁶ Vertical City Garden, Mori Building; https://www.mori.co.jp/en/company/urban_design/vgc.html

⁷ Environment and Greenery, Mori Building; https://www.mori.co.jp/en/company/urban_design/environment/

⁸ Mori Building's Initiatives, Mori Building;

https://www.mori.co.jp/company/urban_design/environment/resource/pdf/environmental_initiatives2018E.pdf

⁹ Mori Building's Initiatives, Mori Building;

https://www.mori.co.jp/company/urban_design/environment/resource/pdf/environmental_initiatives2018E.pdf

¹⁰ Mori Building shared with Sustainalytics the latest list of certified green buildings as of January 2019.

¹¹ Mori Building shared with Sustainalytics the latest rate of green coverage as of January 2019.

¹² Mori Building's Initiatives, Mori Building;

https://www.mori.co.jp/company/urban_design/environment/resource/pdf/environmental_initiatives2018E.pdf

sustainability and risk mitigation goals, MORI BUILDING has established a Committee on Sustainability, the Sustainability Office, and the Global Warming Countermeasures Council, as well as enacting a Plan-Do-Check-Act management process.¹³ Furthermore, MORI BUILDING has incorporated safety and security features into its building designs, with particular attention to earthquake and disaster resiliency.¹⁴

Based on the commitments made, and the management structure in place to ensure compliance, Sustainalytics considers MORI BUILDING to be well-positioned to address common environmental and social risks associated with the projects funded by the green bonds.

Section 3: Impact of Use of Proceeds

Importance of green buildings towards achieving energy efficiency targets in Japan

Japan’s energy strategy has historically focused on the development of nuclear power, which by 2011 generated 30% of the nation’s electricity.¹⁵ Subsequently, in the wake of the Fukushima-Daiichi nuclear disaster, the Japanese government ordered a nation-wide closure of its reactors, forcing Japan to rely heavily on energy imports, particularly on fossil fuels, in order to meet its energy needs. However, due to economic needs, emissions reduction targets, and self-sufficiency goals, Japan has recently re-affirmed its commitment to including nuclear power in its supply mix, while continuing to emphasize the importance of renewables and efficiency.¹⁶

Buildings make up a significant part of Japan’s overall energy demands, accounting for 33% of total energy use, while in Tokyo that figure reaches as high as two thirds.¹⁷ Within the office building sector specifically, air conditioning is responsible for 50% of energy demand, lighting and office equipment for 30%, and elevators for 20%.¹⁸ According to the 2018 International Energy Efficiency Scorecard Japan ranks 15th out of 25 countries assessed for the energy efficiency of its building sector.¹⁹ In 2015, the Ministry of Land, Infrastructure, Transport and Tourism launched the Act on the Improvement of Energy Consumption Performance of Buildings (Building Energy Efficiency Act) as a means of increasing the efficiency of buildings;²⁰ the Act includes regulations setting energy efficiency standards for non-residential buildings.²¹

Given this context, it is expected that enhancements to energy efficiency in buildings will continue to increase in Japan. Therefore, Sustainalytics is of the opinion that the use of proceeds of MORI BUILDING’s green bond will play a key role in financing green buildings, creating positive environmental impact while supporting Japan in meeting its own climate targets.

Alignment with/contribution to SDGs

The Sustainable Development Goals (SDGs) were set in September 2015 and form an agenda for achieving sustainable development by the year 2030. This green bond advances the following SDG goals and targets:

Use of Proceeds Category	SDG	SDG target
Green Buildings	11. Sustainable Cities and Communities	11.6 By 2030, reduce the adverse per capita environmental impact of cities, including by paying

¹³ Corporate Organization Chart, Mori Building; https://www.mori.co.jp/en/company/about_us/organization.html

¹⁴ Safety and Security, Mori Building; https://www.mori.co.jp/en/company/urban_design/safety.html

¹⁵ Nuclear Power in Japan, World Nuclear Association; <http://www.world-nuclear.org/information-library/country-profiles/countries-g-n/japan-nuclear-power.aspx>

¹⁶ Japan backs role of nuclear power in 2030 energy plan, The Thomson Reuters; <https://www.reuters.com/article/japan-energy/japan-backs-role-of-nuclear-power-in-2030-energy-plan-idUSL3N1SN0TE>

¹⁷ Energy Efficiency in Buildings: Policy and Programs in Tokyo, Tokyo Metropolitan Government-Environment; <https://www.eu-japan.eu/sites/eu-japan.eu/files/Nishida.pdf>

¹⁸ Energy Efficiency (2009) Overview of energy consumption and GHG mitigation technologies in the building sector in Japan; <http://environmentportal.in/files/Overview%20of%20energy%20consumption%20and%20GHG%20mitigation.pdf>

¹⁹ The 2018 International Energy Efficiency Scorecard, American Council for an Energy-Efficient Economy; <https://aceee.org/sites/default/files/publications/researchreports/i1801.pdf>

²⁰ Overview of the Building Energy Efficiency Act (Japanese), Ministry of Land Infrastructure, Transport and Tourism, Japan; <http://www.mlit.go.jp/common/001178846.pdf>

²¹ Overview of the Act on the improvement of Energy Consumption Performance of Buildings (Building Energy Efficiency Act), Ministry of Land, Infrastructure, Transport and Tourism, Japan; <https://www.mlit.go.jp/common/001134876.pdf>

		<p>special attention to air quality and municipal and other waste management.</p> <p>11.B By 2020, substantially increase the number of cities and human settlements adopting and implementing integrated policies and plans towards inclusion, resource efficiency, mitigation and adaptation to climate change, resilience to disasters.</p>
Energy Efficiency	7. Affordable and Clean Energy	7.3 By 2030, double the global rate of improvement in energy efficiency

Conclusion

MORI BUILDING has developed the MORI BUILDING Co., Ltd. Green Bond Framework under which it will issue green bonds, with the proceeds being directed to financing or refinancing investments in green buildings. Green buildings may include those certified by the Comprehensive Assessment System for Built Environment Efficiency (CASBEE), LEED, the Building Energy-efficiency Labelling System (BELS), the DBJ Green Building Certification Programme, and the BCA Green Mark program. Sustainalytics is of the opinion that the projects described by the framework will support MORI BUILDING's stated ideal of a Vertical Garden City" and will deliver positive environmental benefits.

The use of proceeds categories specified in the framework are aligned with those of the Green Bond Principles 2018 and the Japan Green Bond Guidelines 2017; MORI BUILDING has processes in place for project evaluation, selection, and management of proceeds in line with market practice; and commitments have been made to report on allocation and impacts. Furthermore, Sustainalytics believes that the initiatives funded by the green bonds will contribute to the advancement of UN Sustainable Development Goals 7 and 11.

Based on the above points, Sustainalytics considers the MORI BUILDING Co., Ltd. Green Bond Framework to be robust, transparent, and in alignment with the Green Bond Principles 2018 as well as Japan's Green Bond Guidelines 2017.

Appendices

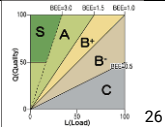




Appendix 1: Overview of Real Estate Certification Schemes

	CASBEE ²²	LEED	DBJ Green Building Certification ^{23 24}	BELS	BCA Green Mark
Background	CASBEE (Comprehensive Assessment System for Built Environment Efficiency) represents a green building management system from Japan, evaluating and rating the environmental performance of buildings and the built environment. CASBEE is formed of four assessment tools tailored to different scales: housing, building, district and city.	Leadership in Energy and Environmental Design (LEED) is a US Certification System for residential and commercial buildings used worldwide. LEED was developed by the non-profit U.S. Green Building Council (USGBC) and covers the design, construction, maintenance and operation of buildings.	DBJ Green Building Certification Programme was launched by Development Bank of Japan in 2011 and is operated together with Japan Real Estate Institute (JREI). The programme is recognized as one of the leading regional standards. The certification is available for office buildings, logistics, residential & retail facilities.	BELS (Building-Housing Energy-efficiency Labelling System) is an energy performance label, issued under guidelines established by the Ministry of Land, Infrastructure, Transport, and Tourism. The BELS system evaluates primary energy consumption to measure conservation performance.	The BCA Green Mark Scheme provides real estate certifications in Singapore to promote sustainability in the built environment (during project conceptualisation and design, as well as during construction.)
Certification levels	C (Poor) B- (Slightly Poor) B+ (Good) A (Very Good) S (Excellent)	Certified Silver Gold Platinum	1 Star 2 Stars 3 Stars 4 Stars 5 Stars	1 Star 2 Stars 3 Stars 4 Stars 5 Stars	Certified Gold Gold Plus Platinum
Areas of Assessment: Environmental Project Management	CASBEE assesses two main factors: inside and outside the building site, which translate into Q (Built Environment Quality) and, respectively, L (Built Environment Load).	Integrative process, which requires, from the beginning of the design process, the identification and creation of synergies between the various project stakeholders.	Evaluation of DBJ Green Building Certification includes construction specifications, environmental features as well as social factors.	None	The assessment process aims to verify the relevant reports and documentary evidences such that the building project meets the intents of the criteria and certification level.
Areas of Assessment: Environmental Performance of the Building	<ul style="list-style-type: none"> • Energy Efficiency • Resource efficiency • Local environment • Indoor environment 	<ul style="list-style-type: none"> • Energy and atmosphere • Sustainable Sites • Location and Transportation • Materials and resources • Water efficiency • Indoor environmental quality 	Assessment includes three areas. Each area includes additional subcategories: <ul style="list-style-type: none"> • Ecology • Risk management & amenities/diversity • Community & partnership 	<ul style="list-style-type: none"> • Energy efficiency 	<ul style="list-style-type: none"> • Climate Responsive Design • Building Energy Performance • Resource Stewardship • Smart and Healthy Buildings • Advanced Green Efforts

²² CASBEE, CASBEE; <http://www.ibec.or.jp/CASBEE/english/>

²³ Certification Overview, Development Bank of Japan; http://www.dbj.jp/en/service/finance/g_building/outline.html

²⁴ DBJ Green Building Certification (Japanese), Development Bank of Japan; http://www.dbj.jp/service/finance/g_building/outline.html

		<ul style="list-style-type: none"> • Innovation in Design • Regional Priority 			
Requirements	<p>Score-based performance level</p> <p>CASBEE uses the BEE (Built Environment Efficiency) as its assessment indicator, which is calculated from Q (Built Environment Quality) as the numerator and L (Built Environment Load) as the denominator. Q and L are obtained through the classification and rearrangement of the four areas of assessment.</p> <p>For authorization, a building must receive a report from the CASBEE Certification system, which is afterwards assessed by the local government.</p>	<p>Prerequisites (independent of level of certification) + Score-based performance level</p> <p>There are several different rating systems within LEED. Each rating system is designed to apply to a specific sector (e.g. New Construction, Major Renovation, Core and Shell Development, Schools-/Retail-/Healthcare New Construction and Major Renovations, Existing Buildings: Operation and Maintenance).</p>	<p>Score-based performance level</p> <p>There are three main areas comprised of additional subcategories a full score of 100 points.</p> <p>In addition to the regular points, an additional point system is employed.</p> <p>In the final process, JREI will conduct on the ground review of building performance on the indicators above, and a committee set in JREI will decide the result of certification rank.²⁵</p>	<p>Score-based performance level.</p> <p>The BELS score is based on the Building Energy Index, obtained by comparing the energy consumption of a building to the standard primary energy consumption of the building type in official guidelines.</p> <p>A two-star rating is equivalent to meeting existing energy conservation standards, with higher star ratings implying greater savings.</p> <p>The score is calculated by an accredited third party.</p>	<p>Prerequisites for each performance area + Score-based performance level.</p> <p>Performance Areas have different weights; depending on the level of building performance and numerical score achieved in performance area, building's level of certification is determined.</p>
Performance display	 <p>26</p>	 <p>27</p>	 <p>28</p>	 <p>29</p>	 <p>30</p>
Qualitative considerations	<p>In Japan, many local governments have made CASBEE assessment results mandatory for building permits. Compared to similar tools available internationally, CASBEE displays a unique and simple structure.</p>	<p>Widely recognised internationally, and strong assurance of overall quality.</p>	<p>In addition to LEED and CASBEE, DBJ Green Buildings Certification Programme is considered as one of the green building standards in Japan.³¹ According to its website, as of Feb 2018, 499 properties in Japan are certified by the programme.</p>	<p>BELS is aligned with official government standards.</p> <p>The scheme assesses only energy performance, without any broader consideration of holistic environmental factors.</p>	<p>BCA is endorsed by the Government of Singapore, and is the most widely recognized scheme in that market.</p>

²⁵ Process of certification (Japanese), DBJ Green Buildings; <http://igb.jp/flow.html>

²⁶ Built Environment Efficiency, CASBEE; <http://www.ibec.or.jp/CASBEE/english/beeE.htm>

²⁷ LEED, Green Building Council; <https://new.usgbc.org/>

²⁸ DBJ Green Building, Development Bank of Japan; http://www.dbj.jp/en/pdf/service/finance/g_building/gb_presentation.pdf

²⁹ BELS; <https://www.hyoukakyukai.or.jp/>

³⁰ BCA Green Mark; https://www.bca.gov.sg/greenmark/green_mark_buildings.html

³¹ Japan sharpens its green building focus, Real Views; <https://www.jllrealviews.com/places/japan-sharpens-its-green-building-focus/>

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

Section 1. Basic Information

Issuer name:	MORI BUILDING Co., Ltd.
Green Bond ISIN or Issuer Green Bond Framework Name, if applicable: <i>[specify as appropriate]</i>	MORI BUILDING Co., Ltd. Green Bond Framework
Review provider's name:	Sustainalytics
Completion date of this form:	January, 2019
Publication date of review publication: <i>[where appropriate, specify if it is an update and add reference to earlier relevant review]</i>	

Section 2. Review overview

SCOPE OF REVIEW

The following may be used or adapted, where appropriate, to summarise the scope of the review.

The review assessed the following elements and confirmed their alignment with the GBPs:

- | | |
|--|--|
| <input checked="" type="checkbox"/> Use of Proceeds | <input checked="" type="checkbox"/> Process for Project Evaluation and Selection |
| <input checked="" type="checkbox"/> Management of Proceeds | <input checked="" type="checkbox"/> Reporting |

ROLE(S) OF REVIEW PROVIDER

- | | |
|---|--|
| <input checked="" type="checkbox"/> Consultancy (incl. 2 nd opinion) | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification | <input type="checkbox"/> Rating |
| <input type="checkbox"/> Other <i>(please specify)</i> : | |

Note: In case of multiple reviews / different providers, please provide separate forms for each review.

EXECUTIVE SUMMARY OF REVIEW and/or LINK TO FULL REVIEW *(if applicable)*

Please refer to Evaluation Summary above.

Section 3. Detailed review

Reviewers are encouraged to provide the information below to the extent possible and use the comment section to explain the scope of their review.

1. USE OF PROCEEDS

Overall comment on section *(if applicable)*:

The eligible category for the use of proceeds, green buildings, is recognized by the Green Bond Principles. Sustainalytics considers that the eligible projects will lead to positive environmental impacts and advance the UN Sustainable Development Goals (SDGs), specifically SDGs 7 and 11.

Use of proceeds categories as per GBP:

- | | |
|--|--|
| <input type="checkbox"/> Renewable energy | <input type="checkbox"/> Energy efficiency |
| <input type="checkbox"/> Pollution prevention and control | <input type="checkbox"/> Environmentally sustainable management of living natural resources and land use |
| <input type="checkbox"/> Terrestrial and aquatic biodiversity conservation | <input type="checkbox"/> Clean transportation |
| <input type="checkbox"/> Sustainable water and wastewater management | <input type="checkbox"/> Climate change adaptation |
| <input type="checkbox"/> Eco-efficient and/or circular economy adapted products, production technologies and processes | <input checked="" type="checkbox"/> Green buildings |
| <input type="checkbox"/> Unknown at issuance but currently expected to conform with GBP categories, or other eligible areas not yet stated in GBPs | <input type="checkbox"/> Other <i>(please specify)</i> . |

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

2. PROCESS FOR PROJECT EVALUATION AND SELECTION

Overall comment on section *(if applicable)*:

A Green Bond Committee, comprised of members of the Finance Department and a department which promotes sustainability, will select eligible projects, and corporate officers of both Departments will be responsible for project evaluation and selection. The final decision is made by the President and CEO. This is in line with market best practice.

Evaluation and selection

- | | |
|--|---|
| <input checked="" type="checkbox"/> Credentials on the issuer's environmental sustainability objectives | <input checked="" type="checkbox"/> Documented process to determine that projects fit within defined categories |
| <input checked="" type="checkbox"/> Defined and transparent criteria for projects eligible for Green Bond proceeds | <input checked="" type="checkbox"/> Documented process to identify and manage potential ESG risks associated with the project |
| <input type="checkbox"/> Summary criteria for project evaluation and selection publicly available | <input type="checkbox"/> Other (<i>please specify</i>): |

Information on Responsibilities and Accountability

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

3. MANAGEMENT OF PROCEEDS

Overall comment on section (*if applicable*):

MORI BUILDING's Finance Department will use existing tracking systems to manage the proceeds, with monitoring conducted biannually. Pending allocation, funds will be held in cash or cash equivalents, subject to disclosure in statutory documents. This is in line with market practice.

Tracking of proceeds:

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

Additional disclosure:

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

4. REPORTING

Overall comment on section (if applicable):

MORI BUILDING is committed to annual reporting on allocation and impact via its website. The former will include amounts allocated to each eligible project, while the latter will consist of information on certifications achieved and quantitative metrics of environmental performance. This is in line with market practice.

Use of proceeds reporting:

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

Information reported:

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

Frequency:

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

Impact reporting:

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

Frequency:

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

Information reported (expected or ex-post):

- | | |
|---|--|
| <input checked="" type="checkbox"/> GHG Emissions / Savings | <input checked="" type="checkbox"/> Energy Savings |
| <input checked="" type="checkbox"/> Decrease in water use | <input checked="" type="checkbox"/> Other ESG indicators (<i>please specify</i>): Name and level of certifications the eligible project received |

Means of Disclosure

- | | |
|---|---|
| <input type="checkbox"/> Information published in financial report | <input type="checkbox"/> Information published in sustainability report |
| <input type="checkbox"/> Information published in ad hoc documents | <input checked="" type="checkbox"/> Other (please specify): company website |
| <input type="checkbox"/> Reporting reviewed (if yes, please specify which parts of the reporting are subject to external review): | |

Where appropriate, please specify name and date of publication in the useful links section.

USEFUL LINKS (e.g. to review provider methodology or credentials, to issuer's documentation, etc.)

SPECIFY OTHER EXTERNAL REVIEWS AVAILABLE, IF APPROPRIATE

Type(s) of Review provided:

- | | |
|--|--|
| <input type="checkbox"/> Consultancy (incl. 2 nd opinion) | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification / Audit | <input type="checkbox"/> Rating |
| <input type="checkbox"/> Other (<i>please specify</i>): | |

Review provider(s):

Date of publication:

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

- i. **Consultant Review:** An issuer can seek advice from consultants and/or institutions with recognized expertise in environmental sustainability or other aspects of the issuance of a Green Bond, such as the establishment/review of an issuer's Green Bond framework. "Second Party Opinions" may fall into this category.
- ii. **Verification:** An issuer can have its Green Bond, associated Green Bond framework, or underlying assets independently verified by qualified parties, such as auditors. In contrast to certification, verification may focus on alignment with internal standards or claims made by the issuer. Evaluation of the environmentally sustainable features of underlying assets may be termed verification and may reference external criteria.
- iii. **Certification:** An issuer can have its Green Bond or associated Green Bond framework or Use of Proceeds certified against an external green assessment standard. An assessment standard defines criteria, and alignment with such criteria is tested by qualified third parties / certifiers.
- iv. **Rating:** An issuer can have its Green Bond or associated Green Bond framework rated by qualified third parties, such as specialised research providers or rating agencies. Green Bond ratings are separate from an issuer's ESG rating as they typically apply to individual securities or Green Bond frameworks / programmes.

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Sustainalytics

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For more information, visit www.sustainalytics.com

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