

———— Green Bond Evaluation by Japan Credit Rating Agency, Ltd. ————

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

JCR Assigned Green 1 to Bonds issued by Kenedix Office Investment Corporation.

Subject	:	Kenedix Office Investment Corporation 10th Unsecured Investment Corporation Bonds (Green Bonds)
Type	:	Specified investment Corporation bonds
Issue amount	:	JPY 2 Billion
Interest rate	:	0.390%
Date of issuance	:	February 15, 2019
Redemption date	:	February 15, 2024
Method of repayment	:	Bullet
Use of proceeds	:	Refinancing of funds to acquires green buildings

<Green Bond Evaluation Results>

Overall evaluation	Green 1
Evaluation of Greenness (use of proceeds)	g1
Evaluation on Management and Operating Systems and Transparency	m1

Chapter 1: Evaluation Overview

Kenedix Office Investment Corporation (hereinafter, "the Corporation") was established on May 6, 2005, and listed on the Tokyo Stock Exchange (Real Estate Investment Trusts Market) on July 21, 2005, as J-REIT, whose main investment targets are medium-sized office buildings in the Tokyo Economic Zone.

As of the end of November 2018, it had 96 assets with a total acquisition price of JPY415.8bn. The Corporation is one of the largest J-REIT companies mainly targeting medium-sized office buildings. The sponsor of the Asset Management Company, Kenedix Real Estate Investment Management (hereinafter, "the Asset Management Company"), is Kenedix, a real estate asset management company. While enjoying the support of Kenedix, the Asset

Management Company has also demonstrated its uniqueness as an asset management company and built up a 27-terms track record.

The Kenedix Group aims to contribute to the society by optimizing the operation of investment funds in real estate and creating real estate value. Especially in the environmental field, the Group complies with the relevant environmental laws and regulations related to real estate, and conducts business operations with an awareness of energy saving and reduction of environmental adverse impacts. The Asset Management Company has established a sustainability policy as the entire Group, emphasizes dialogue with stakeholders, and declares that it will aim for responsible investment management as a real estate asset management company. It also places top priority on contributing to a sustainable environment.

The subject of the evaluation is the Green Bond Framework of the Corporation and the bonds to be issued by the Corporation. The proceeds will be allocated to refinance the funds for acquisition of the office building (Green Building).

The Asset Management Company has prepared a Green Bond Framework and defines "Eligible Green Assets" as properties that have acquired or are expected to acquire one of three stars or more of DBJ Green Building certification, B+ or more of CASBEE Real Estate Assessment Certification, and 3 stars or more of BELS assessment when acquiring a Green Bond Framework. JCR considers that the definition of Eligible Green Assets established by the Asset Management Company has an environmental improvement effect when viewed in light of the standards for obtaining the certification.

In addition, JCR confirmed that the assets subject to refinancing through the bonds that are scheduled to be issued are "Eligible Green Assets" as defined in the framework above. Based on the Environmental Performance Evaluation Report and interviews with the Asset Management Company, it has been confirmed that the environmental risk is fully considered when acquiring the assets to be refinanced this time and that there is no possibility of a serious negative impact on the environment that exceeds the environmental improvement effect. Based on the above, JCR evaluates the use of proceeds as green projects that are classified into "Green Buildings which obtain environmental certification" with the effects of reducing CO₂ emissions.

JCR has confirmed a robust management and operation system and high transparency, based on the following factors as part of the Group's sustainability efforts: it has established a system for ensuring its effective environmental measures such as a division which is in charge of acquiring and revising environmental certifications for the acquired properties; utilization of internal and external environmental experts and qualified personnel. Through these organizations, various environmental measures have been taken.

As a result, with regard to the Green Bond Framework and The bonds subject to evaluation, JCR assigns "g1" for the evaluation of "Greenness Assessment (use of proceeds)" and "m1" for the evaluation of "Management/Management System and Transparency Assessment" based on the JCR Green Finance Evaluation Methodology. Consequently, JCR assigns "Green1" as an overall evaluation result to the bonds. Detailed evaluation results are discussed in detail in the next chapter.

The Framework and the bonds to be issued meet the standards for the Green Bond Principles and the items required by the Ministry of the Environment's Green Bond Guidelines.¹²

¹ ICMA(International Capital Market Association) Green Bond Principles 2018

² Ministry of the Environment Green Bond Guidelines 2017

Chapter 2: Current Status of the project on each evaluation factor and JCR's evaluations

Evaluation Phase 1: Greenness Evaluation

Based on the current situation described in detail below and JCR's evaluation of the target areas, JCR assessed 100% of the funds used for the bonds as a green project, and assessed Phase 1: Green Assessment was ranked as the highest, namely "g1."

(1) JCR's key consideration in this factor

In this section, we first assesses whether the proceeds will be allocated to green projects that have explicit improvement effects on environment. Next, JCR assesses whether an internal department/division which is exclusively in charge of environment issues or a third party agency prove it sufficiently and have taken necessarily workaround or mitigation measures, in case of possibility on use of proceeds have negative impact on the environment. Finally, JCR confirms consistency with the Sustainable Development Goals (SDGs).

(2) Current status of evaluation targets and JCR's evaluation

Overview of Use of Proceeds

a. On the environmental improvement effects of the project

i. 100% of the proceeds will be used for refinancing the existing "Eligible Green Assets", which have environmental improvement effects.

Kenedix Office Investment Corporation stipulates the eligibility of the use of proceeds in its Green Bond Framework as follows:

(Eligibility Criteria 1) Funds to acquire green buildings

New or existing investments or expenditures for assets that meet any of the following requirements: Buildings that has obtained the environmental certifications listed below within two years prior to the settlement date of the green bond or the reporting date, or are expected to obtain them after the bond issuance.

- Three stars or above in DBJ Green Building certification
- B+ or higher rank in CASBEE for Real Estate
- Three stars or above in BELS Certification

(Eligibility Criteria 2) Construction and/or facility refurbishments contributing to energy saving and positive environmental benefits

- Construction and/or refurbishments to properties under management aiming at improving energy efficiency improvements and/or water consumption performance, or making other environmentally beneficial improvements (expected to achieve at least a 10% reduction in energy/water consumption, etc. as compared with before the construction and/or refurbishment).
- The costs of the above construction and/or facility refurbishments for energy saving have been spent within two years prior to the settlement date of green bond or are expected to be spent post issuance.

JCR evaluates that the establishment of the framework is set at a level that can confirm the energy saving performance when compared to the current building standard.

The proceeds will be used for refinancing the borrowing at the time of acquiring the following two office buildings. The building summary and environmental performance characteristics of the two properties are as follows, and we confirmed that both properties are buildings with high energy-saving performance.

Building name	KDX Kobayashi-Doshomachi Building
Location	4-4-10, Doshomachi, Chuo-ku, Osaka-shi, Osaka
Principal uses	Offices and stores
Site area	1,561.04m ²
Total floor area	10,723.83 m ²
Number of stories	12 stories with one basement floor
Structure	Steel frame and reinforced concrete structure
Timing of construction	July 2009
Environmental certification	CASBEE Real Estate 2018 [S Rank] DBJ Green Building 2016 [three stars]
Environmental performance	As a result of joint efforts with tenants to reduce energy consumption in the CASBEE evaluation items related to energy/greenhouse gases, this building has achieved to reduce the primary energy consumption intensity below the target value.

Building name	KDX Toranomom 1 chome Building
Location	10-5, Toranomom 1-chome, Minato-ku, Tokyo
Principal uses	Offices and stores
Site area	1,564.12 m ²
Total floor area	11,212.05 m ²
Number of stories	11 stories aboveground and 1 floor underground
Structure	Steel frame and reinforced concrete structure
Timing of construction	Oct. 2013
Environmental certification	CASBEE Real Estate 2016 [S Rank] DBJ Green Building 2016 [five stars]
Environmental performance	CASBEE Real Estate Assessments have achieved Level 4 primary energy consumption intensity and Level 5 water consumption intensity, respectively. Thanks to the higher ranking in the useful life of the body at Grade 1, and a high level of energy saving performance due to its high heat insulate performance and the use of LEDs in all buildings. As a result, the PAL reduction rate and the energy saving performance (ERR) of the facility system, which represents the heat insulation property of the building, attained the highest level in grading of the Consideration Guideline revised in 2017, at stage 3, and the level of AAA in the evaluation standard of the performance evaluation report. Another characteristic is that the greening rate is 30% or more, which results in highly evaluated in the item of biodiversity.

ii. The use of proceeds falls under the categories of "green buildings which meet regional, national or internationally recognized standards or certifications" and "Energy Efficiency" among the green projects defined in the Green Bond Principles or the Ministry of the Environment's Green Bond Guidelines.

b. Negative impact on the environment

When acquiring a property, the Asset Management Company always obtains an engineering report and checks the building diagnosis and possible environmental risks. In addition, a person in charge of acquiring properties in the Asset Investment Division checks whether there are any problems with neighboring lands or neighborhoods using checklists specified in the Corporation. In addition, property management staff from the Asset Management Division visited the site together to confirm whether there is any room for improvement in energy saving, and it was confirmed that sufficient consideration is being paid.

c. Consistency with SDGs goals and Targets

This project is classified as green buildings which meet regional, national or internationally recognized standards or certifications. JCR evaluated the project as contributing to the following SDGs objectives and targets, referring to the SDGs mapping of the ICMA.



Goal 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



Goal 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



Goal 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

(Reference) Certification System for Each Green Building

① CASBEE (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. Assessment tools include CASBEE-construction, CASBEE-districts, and other CASBEE-real estate developed for the real estate market to show environmental performance in an easy-to-understand manner.

The evaluation results are divided into five grades: S rank (excellent), A rank (very good), B+ rank (good), B-rank (slightly inferior), C rank (inferior) (CASBEE-real estate has four grades; (S rank (great), A rank (very good), B + rank (good) and B rank (Satisfied).

② DBJ Green Building

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." 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 Building with regional, national or internationally recognized standards and certification" 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.

③ BELS(Building-housing Energy-efficiency Labeling System)

In October 2013, the Ministry of Land, Infrastructure, Transport and Tourism formulated the "Evaluation Guidelines for Labeling Energy Conservation Performance for Non-Residential Buildings (2013)." Based on these guidelines, a third-party organization aims to properly evaluate and display the energy-saving performance of non-residential buildings. In July 2015, The Law Concerning the Improvement of Energy Consumption Performance of Buildings (Building Energy Conservation Law) was promulgated, and Article 7 stipulates that business owners of housing business and other businesses selling or leasing buildings must make efforts to indicate the energy consumption performance of buildings.

Along with the enforcement of the Act on the Rational Use of Energy in Buildings, BELS is positioned as a third-party certification system for the guideline for energy conservation performance labeling based on Article 7 of the Act. From April 2016, housing was added to the scope of evaluation, and currently all new and existing buildings are subject to evaluation. The evaluation results are expressed in stars by the achievement values of the energy conservation standards. They are expressed as 5 stars, 4 stars, 3 stars, 2 stars, and 1 star.

Evaluation Phase 2: Management and Operational System and Transparency Assessment

JCR assigns "m1", the highest rating on JCR Evaluation Phase 2: Evaluation on Management, Operation and Transparency. Rationale: the management and operating system is well developed, transparency is extremely high, and that the planned implementation of the project and the appropriation of the proceeds can be sufficiently expected.

1. Validity and Transparency of the Criteria for Selection of use of proceeds and their Processes

(1) JCR's key consideration in this factor

In this section, JCR confirms that the objectives to be achieved through the green bond, the criteria for selecting green projects, the appropriateness of the process, and the series of processes are appropriately disclosed to investors.

(2) Current status of evaluation targets and JCR's evaluation

a. Goal

Recognizing the importance of environmental, social, and governance (ESG) considerations in real estate investment management, the Corporation considers the improvement of sustainability as an important management issue with the aim of realizing a sustainable society as a corporate social responsibility. In particular, the Asset Management Company has established the following sustainability policy with regard to its efforts for environmental consideration.

1. Contributing to a sustainable environment

In response to the social mission of improving the environmental performance of operation properties, we will continue to reduce the environmental impact of operating properties, such as energy consumption, CO₂ emissions, water consumption and waste emissions as well as to reduce environmental impacts through reduction and appropriate management of hazardous substances, thereby contributing to environmental sustainability.

(Source: Kenedix Office Investment Corporation Sustainability Policy)

In addition, the following environmental policies have been established in particular. Investment and operation are taken with the consideration for the environment by actively utilizing external certification systems.

Environmental Policy

1. Compliance with environmental laws and regulations

The Corporation will comply with environment-related laws and regulations and promote environment-friendly investment management.

2. Enhancing energy-saving measures

Recognizing the importance of resources and energy, the Corporation will enhance systematic measures to conserve energy in real estate that it operates.

3. Reduction of environmental burdens

Trying to mitigate environmental burdens, the Corporation will take measures to reduce CO₂ emissions, to

reduce waste, and to enhance reuse and recycle in the real estate it operates. In addition, it will pay careful attention to the handling of hazardous substances and environmental pollutants.

4. Disclosure of Environmental Information

It will disclose necessary information on its environmental policies and environmental initiatives to various stakeholders, including investors, tenants, and business partners.

5. Raising environmental awareness and environmental education

The Corporation endeavors to raise the environmental awareness of its officers and employees through in-house environmental education and awareness-raising activities.

The above sustainability and environmental policies are appropriately disclosed on the Corporation's website. In addition, the Corporation aims to contribute to the realization and development of a sustainable society through the issuance of Green Bonds, and to contribute to the development of the green bond market by providing investment opportunities for ESG investors and expanding the range of investors targeting the bonds.

b. Selection standard

The selection criteria for Eligible Green Assets of the Corporation are as described in the Evaluation of the Greenness section, and JCR evaluates the selection criteria for buildings as appropriate with environmental improvement effects.

The KDX Kobayashi Doshomachi Building and the KDX Toranomom 1-chome Building, which are the eligible assets of this bond issuance, were selected by the Sustainability Committee (see 4. (2) for details) established within the Asset Management Company as properties that meet the Green Eligible Criteria.

c. Process

The Asset Management Company holds a Sustainability Committee meeting to evaluate and verification whether Green Eligible Assets meet the eligibility criteria set forth in the Corporation's Green Bond Framework, and to verify the allocation schedule of funds.

Information reviewed and verified by the Sustainability Committee is reported to the Investment Corporation's Board of Directors and the Asset Management Company's Management Committee.

The above target setting, selection criteria, and process of the Corporation will be disclosed in the Shelf Registration Supplements for the issuance of the The bonds and in the outline of this evaluation report, thereby ensuring transparency to investors.

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 proceeds varies widely depending on the issuer. JCR assesses whether the proceeds are securely appropriated to the green project and whether a mechanism and internal system are in place to enable easy tracking and management of the appropriation of funds.

JCR also emphasizes evaluating whether proceeds are scheduled to be used for green projects at an early stage, and the management and operation methods of unallocated funds.

(2) Current status of evaluation targets and JCR's evaluation

① Funding Management Framework

In principle, the Corporation plans to track and manage the proceeds by the following methods.

- The proceeds and funds to be allocated shall be appropriately managed internally by the Asset Management Company.
- Until the full amount of the proceeds is allocated to projects that meet the eligibility criteria, it will be disclosed on the Corporation's website on an annual basis.
- Unallocated proceeds are managed in cash or cash equivalents. It is also scheduled to be disclosed in legal documents such as Shelf Registration Supplements when Green Bonds are issued.
- Regarding the allocation of proceeds, the Corporation will disclose on its website that the issuance balance of Green Bonds outstanding does not exceed the amount of eligible green assets (the sum of the aggregate amount acquisition price of properties held that meet the Eligibility Criteria 1 and the total (planned) expenditure of construction and renovation projects that meet the Eligibility Criteria 2) until the entire amount of the proceeds procured is allocated to the projects that meet the Eligibility Criteria or until the redemption date of Green Bonds.

JCR has assessed that the establishment of the aforementioned framework for funding management is appropriate in light of the Green Bond Principles and the Green Bond Guidelines.

② Management of Funds to be Procured in this Bond Issuance

- The proceeds will be fully used for the refinancing of the acquisition funds for the KDX Kobayashi Doshomachi Building and the KDX Toranomom 1-chome Building described in this evaluation report, and will not be used for any other purpose.
- JCR has confirmed that the proceeds raised through this bonds will be promptly used to refinance the funds for the acquisition of KDX Kobayashi Doshomachi Building and KDX Toranomom 1-chome Building after the fund raising, and that the follow-up management will be carried out in a lump sum at the time of funding.
- The Asset Management Division is responsible for the management of the entire green portfolio after the proceeds allocation, and the Planning Division is responsible for the management of the entire green portfolio. The internal control system has been appropriately established, such as a system that includes reporting to the Sustainability Committee when necessary.

As a result of the above confirmation, JCR assesses that the validity and transparency of fund management by the Corporation is high.

3. Reporting

(1) JCR's key consideration in this factor

In this section, JCR evaluates whether the disclosure system for investors, etc. before and after the issuance of green bonds is planned in a detailed and effective manner at the time of the issuance of green bonds

(2) Current status of evaluation targets and JCR's evaluation

① Reporting in the Framework

The following items are to be disclosed on the website on an annual basis and are appropriate for the status of funding and the environmental improvement effects of green projects.

(Qualifying Criteria 1)

- The number of Eligible Green Assets and Certification
- Total floor area of Eligible Green Assets

- Energy consumption, water consumption, and CO₂ emissions of Eligible Green Assets (limited to assets for which the Corporation has energy management authority)

(Qualifying Criteria 2)

- Energy consumption, water consumption, and CO₂ emissions of buildings that have been renovated to conserve energy and improve the environment

② Reporting on the Use of Proceeds Procured through this Debt Issuance

a. Reporting on the funds allocation

As confirmed in the previous section, the proceeds will be immediately used for the refinancing of the acquisition funds for the KDX Kobayashi Doshomachi Building and the KDX Toranomom 1-chome Building, and therefore, it is not currently assumed that the reports on unallocated funds will be made during the term. In addition, if there is a change in the assets to which the proceeds are allocated, the Corporation may consider re-allocating them to other Eligible Green Assets. However, if such a situation actually occurs, the Corporation will consider appropriate measures taking into account the market practices.

b. Reporting of environmental improvement effects

Regarding environmental improvement effects, the Corporation plans to disclose the information in ① above until the redemption date arrives. Given that the Green Project Classification of this use of proceeds is "Green Building with Environmental Certification," to keep valid certification is the most important. In addition, regarding the quantitative indices for Eligible Green Assets, it was confirmed that the assets for which the Corporation has the privilege to management, energy consumption, CO₂ emissions, water consumption, etc. are scheduled to be disclosed, and that the current refinancing target properties are also included in the target property.

4. Organization's environmental initiatives

(1) JCR's key consideration in this factor

In this section, JCR evaluates whether the issuer's management positions environmental issues as a high priority management issue, and whether the green bond policy, process and the criteria for selecting green projects are clearly defined through the establishment of a department specializing in the environmental field or through the assistance of external organizations.

(2) Current status of evaluation targets and JCR's evaluation

Kenedix Office Investment Corporation considers the improvement of sustainability with the aim of realizing a sustainable society, including environmental issues, to be an important management issue. As detailed below, JCR highly appreciates the appropriate organizational structure and staffing for the environment, as well as the fact that the content of periodic verification and disclosure of various initiatives has been enhanced.

- The Asset Management Company has established a Sustainability Committee chaired by the Chief Operating Officer (COO), consisting of the General Managers of the Office REIT Division, the General Managers of the Financial and Accounting Division, and the Compliance Officers. The Committee confirms the latest social situation regarding sustainability, reviews the Basic Policy on Sustainability, and confirms the progress of various initiatives being implemented by each division. Specifically, it has obtained and renewed environmental certification, installed LEDs, provided locations for the UN UNHCR Association's fundraising activities, and prepared a disaster prevention handbook for tenants.

- Apart from the Sustainability Committee, the Asset Management Company has also established an "Energy Conservation Measures Review Committee" to reduce energy consumption by at least 1% per year on average over the past five years (total energy consumption (kl/year converted to crude oil)/total floor area (m²/year)) in accordance with the law, and to manage progress in achieving the medium-to long-term targets and to ascertain the causes of the increase or decrease in energy consumption.
- The Asset Management Company actively incorporates the opinions of outside experts, such as advice on energy conservation measures and consulting on ESG initiatives. In addition, the Asset Management Division is responsible for implementing ESG-related initiatives, and it utilizes a wealth of internal and external specialists, such as CASBEE assessors and building management-related qualified personnel.
- The ratio of environmental certified properties in the Corporation is about 40%, which is relatively higher ratio. It is worth evaluating that it is highly transparent, as evidenced by the number of buildings with environmental certification and the area of floors being disclosed according to the type of environmental certification.
- Thanks to these positive efforts, the Corporation has been awarded a Green Star rating for seven consecutive years in the 2018 GRESB Real Estate Assessment, which is given to participants who have made outstanding efforts in terms of both "management and policy" and "execution and measurement" related to sustainability. In addition, the Corporation is rated "4 Stars" (on a five-point scale) in the "GRESB Rating" category, which is based on global comparative evaluations of overall scores.

■ Assessment result

Based on the JCR Green Bond Evaluation Method, JCR assigns “g1” for the evaluation of “Greenness Assessment (Use of Proceeds)” and “m1” for the evaluation of “Management, Operation and Transparency Assessment”. Consequently, JCR assigns “Green1” as an overall evaluation results to the bonds. The bonds are considered to meet the standards for items required by the Green Bond Principles and the Green Bond Guideline of the Ministry of the Environment of Japan.

[JCR green bonds assessment matrix

		Management, operation, and transparency assessment				
		m1	m2	m3	m4	m5
Green evaluation	g1	Green 1	Green 2	Green 3	Green 4	Green 5
	g2	Green 2	Green 2	Green 3	Green 4	Green 5
	g3	Green 3	Green 3	Green 4	Green 5	Not qualified
	g4	Green 4	Green 4	Green 5	Not qualified	Not qualified
	g5	Green 5	Green 5	Not qualified	Not qualified	Not qualified

■ Evaluation Subject

Issuer: Kenedix Office Investment Corporation (Security Code: 8972)

[Assignment]

Target	Issue amount	Date of issuance	Redemption date	Interest rate	Evaluation
10th unsecured investment corporation bond	JPY 2 Billion	Feb. 15, 2019	Feb. 15, 2024	0.390%	JCR Green Bond Evaluation: Green1 Green evaluation : g1 Management, operation, and transparency assessment : m1

(Responsible analyst for this evaluation) Atsuko Kajiwarra and Rieko Kikuchi

Important explanation of the Green Bond Evaluation

1. Assumptions, meaning and limits of JCR Green Bond Evaluation

JCR Green Bond Evaluation, which is granted and provided by the Japan Credit Rating Agency (JCR), is a comprehensive expression of JCR's current opinion on the extent to which the funds procured from the issuance of green bonds, which are subject to evaluation, are allocated to green projects defined by JCR and the extent to which the management, operation, and transparency of the use of green bonds are ensured. JCR Green Bond Evaluation does not fully indicate the extent to which the funds procured from such green bonds are allocated and the management, operation, and transparency of the use of the funds are ensured.

JCR Green Bond Evaluation assesses the plan or status of the appropriation of funds at the time of the green bond issuance plan or at the time of issuance, and does not guarantee the status of the appropriation of funds in the future. In addition, JCR Green Bond Evaluation does not prove the environmental effects of green bonds and is not responsible for their environmental effects. JCR confirms that the effects of the funds procured from the issuance of green bonds on the environment are measured quantitatively and qualitatively by the borrower or by a third party requested by the borrower, but in principle it does not directly measure the effects.

2. Methods used in the conduct of this evaluation

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

3. Relationship with Acts Related to Credit Rating Business

JCR Green Bond 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 Assessment differs from the Credit Rating and does not promise to provide or make available for inspection a predetermined Credit Rating.

5. Third-party character of JCR

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

■Disclaimers

The information contained in this document has been obtained by JCR from the Issuer and from accurate and reliable sources. Provided, however, that such information may be erroneous due to human, mechanical or other reasons. Accordingly, JCR makes no representation or warranty, express or implied, as to the accuracy, results, accuracy, timeliness, completeness, marketability, or fitness for a particular purpose of such information, and JCR assumes no responsibility for any error, omission, or result of using such information. In no event shall JCR be liable for any special, indirect, incidental or consequential damages of any kind, including opportunity loss, monetary loss, which may arise from any use of such information, whether contractual, tort, negligence or other cause of liability, and whether or not such damages are foreseeable or unforeseeable. The JCR Green Bond Evaluation does not express any opinion on the various risks (credit risk, price fluctuation risk, market liquidity risk, price fluctuation risk, etc.) associated with the green bond subject to the assessment. The JCR Green Bond Evaluation is a comprehensive statement of opinion at the present time of the JCR and is not a statement of fact and does not make any recommendations regarding risk judgment or the decision to purchase, sell or hold individual bonds, commercial paper, etc. JCR Green Bond Evaluations may be changed, suspended, or withdrawn due to changes in information, lack of information, or other reasons. All rights to this document, including data from the JCR Green Bond Assessment, are held by JCR. Reproduction, adaptation, modification or alteration of this document, in whole or in part, including data from the JCR Green Bond Assessment, without the permission of JCR is prohibited.

■Glossary

JCR Green Bond Evaluation: JCR Green Bond Evaluation evaluates the extent to which the funds procured from the Green bond are allocated to the Green Project as defined by JCR, and the extent to which the management, operation, and transparency of the Green Loan are ensured. Evaluations are graded on a scale of 5, beginning with the top, using the Green1, Green2, Green3, Green4, and Green5 symbols.

■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)

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

- Credit Rating Agency: the Commissioner of the Financial Services Agency (Rating) No.1
- EU Certified Credit Rating Agency
- NRSRO: JCR has registered with the following four of the five credit rating classes of the Securities and Exchange Commission's NRSRO(Nationally Recognized Statistical Rating Organization. (1)Financial institutions, broker dealers, (2) insurance companies, (3) general business corporations, and (4) government and local governments. If the disclosure is subject to Section 17g-7(a) of the Securities and Exchange Commission Rule, such disclosure is attached to the news releases posted on the JCR website (<https://www.jcr.co.jp/en/>).

■ 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

Copyright © Japan Credit Rating Agency, Ltd. All rights reserved.