

20-D-1363
March 26, 2021

_____ 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 Kenedix Office Investment Corporation.

Subject : Kenedix Office Investment 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

Kenedix Office Investment Corporation (the “Investment Corporation”) is a J-REIT, which primarily invests in medium-sized office buildings in the Tokyo Economic Bloc. It was established on May 6, 2005 and listed on the Tokyo Stock Exchange (real estate investment trust securities market) on July 21, 2005.

The Investment Corporation has a total asset size of 97 properties for a total acquisition price of JPY441.4 billion, which is one of the largest J-REIT that invests primarily in medium-sized office buildings. The sponsor of Kenedix Real Estate Investment Advisers (the “Asset Manager”), an asset management company, is Kenedix, a real estate asset management company. While the Asset Manager enjoys support from Kenedix, it has accumulated track records over 31 years while demonstrating its uniqueness as an asset management company.

The Kenedix Group's business objective is to "contribute to society through optimal management of investment funds in the real estate field and the creation of value for real estate." Especially in the environmental field, the Investment Corporation complies with environmental laws and regulations related to real estate, and conduct business operations considering energy conservation and reducing environmental impact. Under the objectives of the entire Group, the Asset Manager has declared that it will focus on dialogue with stakeholders, aim to carry out responsible investment management as a real estate asset management company. It also indicates that it will primarily contribute to a sustainable environment.

The scope of this evaluation is the Green Bond Framework (the “Framework”), which is designed to limit the use of funds procured by the Investment Corporation through Green Bonds to those that have environmental improvement effects. JCR will assess whether the Framework complies with the Green Bond Principles (2018 edition) and the

Green Bond Guidelines (2017 edition). These principles, etc. are voluntarily published principles or guidelines by the International Capital Markets Association (ICMA) and the Ministry of the Environment, respectively, and are not regulations, and therefore are not binding, but JCR refers to these principles and guidelines as uniform domestic and international standards at the present time.¹²

Within this framework, the Investment Corporation has determined to use the proceeds for two objectives: green building, which satisfied a certain certification level, and renovation work, which will lead a certain environmental improvement effect. Eligibility Criteria for Green Building indicate those properties, which obtained or will obtain in the future any of DBJ Green Building Certification 3 stars or more, BELS 3 stars or more, or CASBEE Real Estate Certification B+ or better. Eligibility Criteria for renovation work indicated renovations aimed at improving energy efficiency and water consumption performance by 10% or more. JCR has evaluated that the use of proceeds specified by the Investment Corporation has an environmental improvement effect.

As part of the Group's sustainability initiatives, the Investment Corporation has established an organizational structure for environmental initiatives, including the establishment of a system in which the department in charge manages the acquisition and renewal of environmental evaluations and various types of certifications for acquired properties, the utilization of internal and external environmental experts or qualified personnel, and the establishment of the Sustainability Committee and the Energy Conservation Measures Review Committee. As a result, JCR confirmed a robust management and operation system and high transparency with respect to the Investment Corporation.

As a result, based on the JCR Green Bond Evaluation Methodology, JCR assigns "g1 (F)" for the "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." Detailed evaluation is discussed in the next chapter.

The Framework meets the standards for items required by the Green Bond Principles and the Green Bond Guidelines of the Ministry of the Environment.

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

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

2 Green Bond Guidelines 2017 https://www.env.go.jp/policy/greenbond/gb/greenbond_guideline2017.pdf

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

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 under the framework is 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 assesses whether the use of proceeds set out in the Framework are green projects with clear environmental improvement effects. 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

<Framework for Use of Proceeds>

Eligibility Criteria 1

(Green Building Acquisition Fund)

New or existing investments or expenditures on assets that meet any of the following requirements: The following certifications have been or will be acquired within the past 2 years from the payment date or the reporting date

- 3 stars or more in DBJ Green Building certification
- B+ rank or higher in CASBEE Real Estate Assessment Certification
- 3 stars or more in BELS certification

Eligibility Criteria 2

(Construction and renovation of facilities, etc. that contributes to energy conservation and environmental improvement)

The renovation of the real estate to be operated for the purpose of improving energy efficiency, water consumption performance, and other environmental benefits (10% reduction from the previous level).

The funds for above-mentioned energy-saving construction and facility renovation work have been or will be disbursed within the past 2 years from the payment date.

<JCR's Evaluation of the Framework>

a. On the environmental improvement effects of the project

- i. The eligible criteria set out in the Framework for the use of proceeds are funding or refinancing of properties (green buildings) which meet or will meet upper three categories of regionally, nationally or internationally recognized standards and certification, or renovation projects that contribute to positive environmental improvements. High environmental improvement effects are expected.

1. Green Eligible Assets

(1) DBJ Green Building Certification

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

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

The level of DBJ Green Building certification is expected to be approximately top 20% of all income-generating real estate in Japan in terms of environmental and social considerations³. In addition, each evaluation up to 3 stars covers the aggregate of top 10% (5 stars), top 30% (4 stars) and top 60% (3 stars) of the properties exceeding the certification level. Accordingly, JCR evaluates that the use of proceeds of the Investent Corporation is limited to properties with high environmental performance among the buildings that aim to acquire certification.

(2) CASBEE

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

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

CASBEE is evaluated by the value of BEE (eco-efficiency of buildings) with L as the denominator and Q as the numerator, reconfiguring from the viewpoint of environmental quality of buildings (Q = Quality)

³ Revision and Disclosure of DBJ Green Building Certification Evaluation Items (DBJ Green Building Certification Website, February 2019)

and environmental impact of buildings (L = Load) on the evaluation items in the 4 fields of energy consumption, resource circulation, regional environment, and indoor environment. The evaluation results are divided into five grades: Rank S (Excellent), Rank A (Very Good), Rank B+ (Good), Rank B- (Slightly Poor), and Rank C (Poor) (CASBEE for real estate scoring has four grades: Rank S (Excellent), Rank A (Very Good), Rank B+ (Good), and Rank B (Satisfaction of mandatory items)). High evaluation requires comprehensive high quality of building such as energy efficiency and the use of materials and equipment with low environmental impact, in addition to give consideration to indoor comfort and landscape. Buildings with BEE of at least B+, which the Investment Corporation has defined as eligible criteria, have BEE of at least 1.0 for CASBEE-buildings, which clearly outweighs environmental impact. In CASBEE-real estate, although the criteria for measurement are not BEE, they are equivalent to B+ for conventional CASBEE-buildings, etc. JCR has evaluated as having an environmental improvement effect.

(3) BELS Certification

BELS is the acronym for the English name (Building-Housing Energy-efficiency Labeling System) of the building energy conservation performance labeling system. BELS is a building energy efficiency performance indicator system under which third-party assessment bodies evaluate and accredit the energy efficiency performance of new and existing buildings. The outer skin performance and primary energy consumption are subject to evaluation, and the evaluation results are expressed in stars according to the achievement values of the energy efficiency standards. High evaluation requires excellent energy-efficiency performance. The rating is expressed as the number of stars and ranked from 1 to 5 according to BEIs (Building Energy Index). BEI is a measure of energy efficiency performance that uses the designed primary energy consumption as the molecular weight and the standard primary energy consumption as the denominator, and is compared with the standard value. One star is the existing energy saving standard, two stars is the energy saving standard, and three stars are the guiding standard. Buildings with BELS three stars or higher specified by the Investment Corporation as eligible criteria are considered appropriate based on energy efficiency performance (non-residential: BEI value of 0.8 or less) that exceeds the guiding standard.

2. Renovation

The Investment Corporation considers renovation work with the aim of improving energy efficiency, water consumption performance, and other environmental performance by 10% or more with respect to owned assets as eligible criteria. In both cases, concrete environmental improvement effects can be expected by quantitatively showing the effects before and after the construction. The renovation work is expected to have a 10% or more reduction effect compared to the existing level. JCR assesses that the above target is reasonable for the target value set in the current green building market in Japan, though it is not very high compared to the global standards.

Based on the above, JCR assesses that the use of funds in this framework has environmental improvement effects.

ii. The use of proceeds falls under the green category of "Green Buildings Which Meet Regional, National or Internationally Recognised Standards or Certifications" and "Energy Efficiency" in the Green Bond Principle and "Green Building Projects" and "Energy Efficiency Projects" in the Green Bond Guidelines.

According to a survey conducted by the World Green Building Council, carbon dioxide emissions from buildings account for 39% of total emissions. As a measure to prevent global warming in Japan, it is important to further promote green buildings with high energy efficiency performance that reduce CO₂

emissions from buildings. In addition, the New Strategic Energy Plan decided by the Cabinet of Japan in July 2018 stipulates that new housing and buildings will be obligated to comply with the Energy Efficiency Standards in stages by 2020. Therefore, it is consistent with Japan's energy conservation policy that HHR actively acquires buildings with high environmental certification levels.

The Investment Corporation is also subject to funding for the introduction or acquisition of equipment related to renewable energy. Solar, wind, and other renewable energies are clean energies that reduce CO₂ by substituting fossil fuels. The Paris Agreement, which came into effect in November 2016, states that it is necessary to reduce the amount of anthropogenic greenhouse gas emissions to virtually zero in the latter half of the century. In order to achieve "decarbonization," it is essential to promote renewable energy such as solar and wind power generation. The introduction of renewable energy such as solar and wind power generation contributes to the construction of a decarbonizing society aimed at by the Paris Agreement, and JCR has evaluated it as having a high environmental improvement effect.

b. Negative impact on the environment

The Asset Manager always obtains engineering reports when acquiring properties and performs building diagnostics and checks for environmental risks. In addition, a person in charge of asset acquisition in the Asset Investment Department uses a prescribed checklist by the company to check whether there are any problems with the land located next to the subject or the neighborhood. In addition, it gives a sufficient consideration such as a person in charge of property management in the Asset Management Department visits the site together to confirm whether there is room for improvement in energy conservation and others.

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

c. Consistency with SDGs goals and Targets

The eligible criteria are classified as "Energy Efficiency" and "Green Building which meet regional/national or internationally recognized standards or certifications" among the green projects defined in the Green Bond Principles, and Green Bond Guidelines. While referring to ICMA's SDGs mapping, JCR evaluated that they would contribute to the following SDGs goals and targets.



Goal 3: Good Health and Well Being

Target 3.9. By 2030 substantially reduce the number of deaths and illnesses from hazardous chemicals and air, water and soil contamination.



Goal 7: Affordable and Clean Energy

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



Goal 9: Industry, Innovation and Infrastructure

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: Sustainable Cities and Communities

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

Target 11.6. Reduce per capita environmental impacts of cities, including by paying special attention to air quality and general and other waste management, by 2030.

Evaluation Phase 2: Management, Operations and Transparency Evaluation

Based on the current status described below and the JCR's evaluation, JCR assessed that the management and operation system was well established, that the transparency was extremely high, and that the implementation of projects as planned and the appropriation of funding could be sufficiently expected. JCR assigned "m1 (F)" as the highest ranking to the evaluation phase 2: Management, Operation, and Transparency Evaluation.

1. Appropriateness and Transparency concerning selection standard and processes of the use of proceeds

(1) JCR's Key Consideration in This Factor

In this section JCR confirms the goals to be achieved through green bonds, the selection criteria for green projects and the appropriateness of the process, and whether the process is properly disclosed to investors and others.

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

a. Goals

<The Framework for Green Bond Implementation Targets>

- The Investment Corporation positions that it recognizes significance of giving consideration to ESG (environment, social and governance) in real estate investment management, and makes efforts to improve sustainability aiming to realize sustainable society as a corporate social responsibility as its important management issue.
- The Investment Corporation publishes its Sustainability Policy and Environmental Policy on its website, and strives to reduce environmental impact and cooperate with stakeholders.

<JCR's Evaluation of the Framework>

The Investment Corporation uses the funds procured from Green Bonds for new investments or refinancing for the acquisition of properties that have been granted environmental certification or for renovation work that has the effect of improving the environment more than a certain level. This is considered to contribute to "Contribution to sustainable environment " in the sustainability policy of the Investment Corporation.

Kenedix Office Investment Corporation Sustainability Policy

1. Contribution to sustainable environment
2. Commitment to diverse society
3. Stakeholder engagement
4. Attractive working environment
5. Responsible organization

Based on the above, JCR assesses that the implementation of the Green Bonds under the Framework is consistent with the Investment Corporation's goals.

b. Selection Standard

As confirmed in Phase 1 of this evaluation, since the projects, which satisfy the eligibility criteria of the Framework have high environmental improvement effects, JCR assessed that they are also appropriate in light of the above objectives.

c. Processes

< The Framework for Processes >

Eligible green project selection process

- Operations relating to sustainability, including eligible green projects, will be promoted mainly by the Sustainability Committee established in the Asset Manager.
- The Sustainability Committee is chaired by the General Manager of the Office REIT Division, who is a board member and chief executive officer of the Asset Manager, and is composed of the General Managers of the Offices and REITs Divisions, the Compliance Officers, the General Manager of the Finance and Accounting Department, and the General Manager of the Business Administration Department. The Committee reviews and monitors policies, objectives, and various initiatives related to sustainability based on social conditions and the investment corporation's operational status.
- In selecting eligible green projects, the Sustainability Committee meets to evaluate eligible green projects, validate consistency of the use of funds and eligibility criteria, prospect of fund allocation status of procured funds after allocating the funds to the eligible green projects and others.
- Contents reviewed and verified by the Sustainability Committee are reported to the Board of Directors of the Investment Corporation and to the Investment Committee of the Asset Manager.

<JCR's Evaluation of the Framework>

The Asset Manager holds a Sustainability Committee meeting regarding the issuance of Green Bonds to evaluate and verify whether Green Eligible Assets meet the eligibility criteria set forth in the Framework, and to verify the prospects for the appropriation of funds to be procured after appropriation of funds, etc.

Contents reviewed and verified by the Sustainability Committee are reported to the Investment Corporation's Board of Directors and the Investment Committee of the Asset Manager.

The above target setting, selection criteria and selection processes of the Investment Corporation are disclosed on the Investment Corporation's website to ensure transparency to investors.

JCR evaluated that the Investment Corporation has established appropriate standards and processes for the selection of projects for the use of proceeds, and that transparency is ensured for investors and others.

2. Appropriateness and Transparency of Fund Management

(1) JCR's Key Consideration in This Factor

It is generally assumed that the methods of managing procurement funds vary widely among issuers, but it is necessary to confirm that funds procured through the implementation of green finance are appropriated for green projects, and that mechanisms and internal systems are in place to easily track and manage the appropriations.

In addition, it is important that funds procured through green finance be allocated to green projects at an early stage, and that the management and operation of unallocated funds be evaluated.

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

<The framework for the Fund Management >

- Funds procured and appropriated are properly managed by the Asset Manager and are scheduled to go through an annual external evaluation by a third-party certification organization, etc. regarding their eligibility.
- The Investment Corporation plans to disclose the fund allocation status annually on the Investment Corporation's website until the full amount is appropriated to projects that meet the eligibility criteria or until the redemption date of the Green Bonds.
- The Investment Corporation plans to disclose the fact that until the appropriation of the proceeds is confirmed, the procured funds are treated as cash or cash equivalents through statutory documents such as supplemental documents to the registration of issuance at the time of issuing green bonds.
- With regard to appropriation status of the funds, the Investment Corporation intends to disclose that the balance of green bonds issuance does not exceed the size of the eligible green project (total amount of acquisition price of properties satisfying Eligibility Criteria 1 (hereafter Green Eligible Assets) and total expenditure (planned) of constructions or renovations satisfying Eligibility Criteria 2) until the procured funds are fully allocated to the projects satisfying the Eligibility Criteria or the redemption date of the green bonds on its website.

<JCR's Evaluation of the Framework>

The tracking of the funds procured by the Green Bond will be conducted by the Planning Department and the Accounting and Finance Department of the Asset Manager

Funds procured through Green Bonds are scheduled to be allocated to the use of the proceeds immediately after procurement, and therefore, in principle, any unappropriated funds will not be recognized. On the other hand, if, prior to the redemption of the Green Bonds, the Investment Corporation recognizes unallocated funds due to sale of the properties for which the funds are used or other reasons, the Investment Corporation will manage that the outstanding balance of the Green Bonds will not exceed the amount of Green Eligible Liabilities (the acquisition price of the properties held that satisfy the Eligibility Criteria 1 and the total expenditure for the construction that satisfies the Eligibility Criteria 2). Premised on the Framework, there will be no unappropriated funds.

Based on the above, JCR evaluates that the Investment Corporation's fund management is reasonable.

3. Reporting

(1) JCR's Key Consideration in This Factor

In this section JCR assesses whether the system for disclosing green finance to investors before and after implementation is planned in a detailed and effective manner by referring to the framework.

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

<The Framework for Reporting >

Reporting on the status of appropriations of funds

- The status of appropriation of funds and the indicators listed in the following items will be disclosed on the Investment Corporation's website on an annual basis and will be externally assessed by a third-party certification organization, etc.

Reporting on the Environmental Improvement Effects

The following indicators will be disclosed until the green bond redemption date.

(Eligibility Criteria 1)

- Number and Green Eligible Assets and certifications
- Total floor area of green eligible assets
- Energy consumption, water consumption, and CO₂ emissions of green-eligible assets (limited to properties for which the Investment Corporation has energy management authority)

(Eligibility Criteria 2)

- Energy consumption, water consumption, and CO₂ emissions of the properties, to which constructions or renovation of facilities, etc. contributing to energy conservation or environmental improvement effect were implemented.

<JCR's Evaluation of the Framework>

a. Reporting on the status of appropriation of funds

The use and appropriation status of the proceeds from the Green Bond will be published on the Investment Corporation's website. In addition, in the event of a change in the subject asset, the Investment Corporation will disclose the matter and consider appropriate actions to take while taking into account of market practices, such as the reallocation of the funds to other green eligible assets.

b. Reporting on the Environmental Improvement Effects

As a report on the environmental improvement effects, the Investment Corporation plans to publish on its website information on environmental certification of buildings to be used as funds, as well as quantitative data on energy consumption, etc. targeting green-eligible assets.

JCR has evaluated that the reporting system of the Investment Corporation is appropriate as it plans to properly disclose both the appropriation status of funds and the environmental improvement effects to investors, etc.

4. Organization's Environmental Activities

(1) JCR's key consideration in this factor

This section evaluates whether the issuer's management positions environmental issues as a high priority issue for management, and whether the implementation policy of Green Finance and process, Green Project selection criteria, etc. are clearly positioned by establishing a department that specializes in the environmental field or by cooperating with external organizations.

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

The Kenedix Group's business objective is to "contribute to society through optimal management of investment funds in the real estate field and the creation of value for real estate." Especially in the environmental field, the Investment Corporation will comply with environmental laws and regulations relating to real estate, and conduct business operations while considering energy conservation and reduction of environmental impact. The Asset Manager has established a sustainability policy for the Investment Corporation, and has declared that it will place emphasis on dialogue with stakeholders and aim for responsible investment management as a real estate asset management company. It gives the highest priority to contribution to a sustainable environment.

The Asset Manager has established the Sustainability Committee, which is chaired by the Board of directors and Chief Operating Officer (COO) and other members consisting of the General Managers of each Division of the Office REIT Division, the General Manager of the Finance and Accounting Department, and the Compliance Officer. The Committee checks the most recent social situation surrounding sustainability, reviews the Basic Sustainability Policy, and confirms the progress of various initiatives being deployed by each department. Specifically, it covers a wide range of issues, including the status of obtaining and renewing environmental certifications, the status of the installation of LEDs, the provision of locations for fundraising activities of the United Nations UNHCR Association, and the preparation of a disaster prevention handbook for the tenants.

Apart from the Sustainability Committee, the Asset Manager also has the Energy Conservation Measures Study Committee, which sets a reduction target for energy consumption of at least 1% per annum on average in the last 5 years as a reduction in the legal-compliant energy consumption per unit of production (in terms of crude oil equivalent (kl/year)/total operating floor area (m2/year)), and manages the progress of performance against medium-and long-term targets, ascertains the reasons for the increase or decrease in use and others.

The Investment Corporation actively bring in opinions from outside experts, such as advice on energy conservation measures and consultation on ESG initiatives. In addition, the Asset Management Department, which is in charge of implementing ESG initiatives, utilizes a wealth of experts from both inside and outside the company, including CASBEE assessors and qualified personnel for building management.

The proportion of properties with environmental certification held by the Investment Corporation is high exceeding slightly more than 40%, and the Investment Corporation discloses number of properties and floor areas by environment certification. Such high transparency also deserves recognition.

Due to success of these proactive efforts, the Investment Corporation has been awarded the "Green Star" of 2020 GRESB Real Estate Assessment for the ninth consecutive year given to participants who make excellent efforts in terms of both "management and policy" and "implementation and measurement" related to sustainability. In addition, "GRESB Rating" based on relative evaluations of overall scores on a global basis, it received "4 Stars" (5-scale evaluation).

Based on the above, JCR highly commends the fact that the Investment Corporation regards efforts to improve sustainability, including environmental issues, as an important management issue, and performed periodical

validation and made fulfilling disclosures after carrying out various initiatives under the created organization system and personnel allocation suitable for environment.

(Reference) GRESB Real Estate Assessment

Established in 2009, GRESB refers to benchmarks and organizations that measure and evaluate the asset of ESG consideration of companies that holding and operate real estate and infrastructure. From 2016, the evaluation-results are shown on a five-star scale (five stars, four stars, three stars, two stars, and one star). Companies that have made excellent efforts are given "Green Star" separately from the five-star evaluation. From J-REIT, 46 investment corporations have participated in the evaluation as of 2020.

■ Evaluation Result

As a result, based on the JCR Green Finance Evaluation Methodology, JCR assigns "g1 (F)" for the "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." The Framework is considered to meet the criteria for items in Green Bond Principle and MOE's Green Bond Guidelines.

[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: Kenedix Office Investment Corporation (Security code: 8972)

[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 Kajiwarra and Rieko Kikuchi

Important explanation regarding JCR Green Finance Framework Evaluation

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

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 degree of management, operation and transparency initiatives related to the use of funds and other matters. Accordingly, it does not undertake specific environmental improvement effects, management and operation systems, and transparency assessments of the use of funds for individual bonds and borrows implemented in accordance with this policy. In the event that green finance assessments are granted for individual bonds or individual borrowings based on this framework, such assessments need to be conducted separately. Furthermore, the JCR Green Finance Framework Evaluation does not demonstrate the improvement effect on the environment of individual bonds or borrows implemented under this Framework and does not assume any responsibility for the environmental improvement effect. 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. Methods used in the conduct of this evaluation

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

3. Relationship with Acts Related to Credit Rating Business

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

4. Relationship with Credit Ratings

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

5. Independence in JCR Green Finance Framework Evaluation

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

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■Glossary

JCR Green Finance Framework Evaluation is an assessment of the extent to which funds procured through Green Finance are appropriated for Green Projects as defined by JCR and the extent to which such funds are used for management, operation, and transparency of the Green Finance. Evaluations are performed on a five-point scale, from the top to the bottom using the Green1 (F), Green2 (F), Green3 (F), Green4 (F), and Green5 (F) signs.

■Status of registration as an external assessor of green finance

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

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

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

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