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

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

JCR Assigns Green 1 (F) to the Green Finance Framework of Japan Logistics Fund, Inc.

Subject : Japan Logistics Fund, Inc. 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

Japan Logistics Fund, Inc. (the "Investment Corporation") is the first J-REIT in Japan to invest mainly in logistics facilities. It was established in February 2005 and was listed on the Tokyo Stock Exchange (real estate investment trusts market) in May of the same year. Mitsui & Co., Logistics Partners Ltd. (the "Asset Manager") is in charge of the Investment Corporation's asset management business. The Investment Corporation is sponsored by Mitsui & Co. Asset Management Holdings Ltd., a wholly-owned subsidiary of MITSUI & CO., LTD. (stake: 70%), Sumitomo Mitsui Trust Bank, Limited (20%) and Kenedix, Inc. (10%). The current portfolio consists of 49 properties and has an asset size of 269.5 billion yen (on an acquisition price basis).

The Investment Corporation and the Asset Manager recognize that ESG (Environment: Environmental, Social: Social, Governance: Governance) initiatives are important issues in the real estate investment management business. Accordingly, with regard to environmental and social initiatives, the Investment Corporation and the Asset Manager strive to reduce environmental impact and build reliable relationships with various entities inside and outside of the companies, aiming to realize a sustainable society and contribute to society through asset management operations. The Asset Manager has formulated a sustainability policy and publicizes its stance widely, as well as establishing sustainability targets and implementing various measures.

The subject of this evaluation is the Green Finance Framework (the "Framework") established by the Investment Corporation to limit the funds procured through Green Bonds or Green Loan (the "Green Finance") to the use of proceeds with environmental improvement effects. JCR will assess whether the Framework complies with the Green

Bond Principles (2018 edition), the Green Loan Principles (2020 edition), the Green Bond Guidelines (2020 edition) and the Green Loan Guidelines and the Sustainability Linked Loan Guidelines (2020 edition). These principles and others are voluntarily published principles or guidelines by the International Capital Markets Association (ICMA), the Loan Market Association (LMA), the Asia Pacific Loan Market Association (APLMA), Loan Syndications and Trading Association (LSTA), and the Ministry of the Environment, respectively, and they are not regulations. They are therefore not binding, but refer to these principles and guidelines as uniform standards both domestically and internationally at this time.

The Investment Corporation considers eligibility criteria for the use of funds to be: (1) assets that have acquired or will acquire in the future of at least three stars of DBJ Green Building certification, CASBEE buildings (new buildings) or real estate certification B+ ratings, at least three stars of BELS certification, at least one star of LEED certification Silver, or a third-party certification at the same level as these; (2) assets with high energy-saving performance with an ERR value of at least 30%; and (3) renovations aimed at achieving a high environmental improvement effect. The Investment Corporation plans to identify negative environmental impacts and take appropriate action as necessary with respect to projects to be used for funding in the Framework. Accordingly, JCR has evaluated the above-mentioned eligibility criteria as having expected environmental improvement effects.

The selection of the target project is made by the management team with the President and Representative Director of the Asset Manager as the final decision-maker, and the management team is appropriately involved. Proceeds from green financing are used to finance the acquisition of assets that meet eligibility criteria or to pay for construction, or to refinance the funds. After appropriation of the proceeds, the balance is managed by portfolio management in the event of a sale, etc. of green-eligible assets. The status of appropriation of funds and the content of reports on the effects of environmental improvement are also appropriate. Based on the above, JCR has evaluated that the management and operation system of the Investment Corporation has been established and that it is transparent.

Based on JCR Green Finance Evaluation Methodology, JCR assigned “g1 (F)” for “Greenness Evaluation (Use of Proceeds)” and “m1 (F)” for “Management, Operation and Transparency Evaluation.” Consequently, JCR assigned “Green1 (F)” for overall “JCR Green Finance Framework Evaluation” to the Framework. Evaluation results are discussed in detail in the next chapter.

The Framework is considered to meet the standards for items required by the Green Bond Principles[1], the Green Loan Principles[2], the Green Bond Guidelines[3] and the Green Loan and Sustainability Linked Loan Guidelines[4].

1 ICMA(International Capital Market Association) Green Bond Principles 2018
https://www.icmagroup.org/green-social-and-sustainability-bonds/green-bond-principles-gbp/

2 LMA (Loan Market Association), APLMA (Asia Pacific Market Loan Association), LSTA (Loan Syndications and Trading Association) Green Loan Principle 2018
https://www.lma.eu.com/

3 Ministry of the Environment Green Bond Guidelines 2020
https://www.env.go.jp/policy/guidelines_set_version_with%20cover.pdf (pp.14-47)

4 Ministry of the Environment Green Bond Guidelines Green Loan and Sustainability Linked Loan Guidelines 2020
https://www.env.go.jp/policy/guidelines_set_version_with%20cover.pdf (pp.48-89)

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 a 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 is a green project 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 Evaluation

Funds procured through green finance (Green Bonds and Green Loans) will be used to fund the acquisition of green buildings (hereinafter referred to as "Green Eligible Assets") that satisfy the following eligibility criteria, to carry out renovation work, etc., or to repay and redeem the borrowings (including Green Loans) or Investment Corporation Bonds (including Green Bonds) required for them.

[Green Eligible Assets / Eligibility Criteria]

Those that meet the following conditions (1) or (2)

(1) Green Building

Any of the following third-party certification bodies (hereinafter referred to as "Green Building Certification") that have been or will be certified as valid on the date of Green Bond payment, Green Loan implementation or reporting under this Framework

1. Three Stars to Five Stars in DBJ Green Building Certification
2. B+ to S rank in CASBEE construction (new construction)
3. B+ to S Rank in CASBEE Real Estate
4. Three to Five Stars in BELS Certification
5. Silver to Platinum Ranking in LEED Certification
6. Evaluation level is the same level among third-party certifications other than the aforementioned certifications.

(2) Energy-saving performance

Properties with an ERR value of 30% or more

[Eligibility Criteria for renovation works]

Renovation works that have been or will be completed within the past 36 months from the date of payment of the Green Bond or the date of disbursement of the Green Loan with the intention of satisfying any of the following criteria related to the Investment Corporation's holdings

・Improvement by at least one star or rank in any of the Green Building certifications

・Reduction of CO_2 emissions, energy consumption, or water usage by at least 30%

・Other items aimed at beneficial improvements in environmental aspects (30% or more reduction of the previous amount used or consumed is expected)

・Introduction or acquisition of equipment related to renewable energy

<JCR's Evaluation of the Framework>

a. On the environmental improvement effects of the project

i. The eligibility criteria listed in the Framework are the following, and environmental improvement effects are expected from them: 1. acquisition of standards and certified green buildings that are narrowed down to the top three categories of certification levels recognized in the region, country, or internationally; 2. acquisition of properties with high energy conservation performance; and 3. new investment and refinancing for renovation work aimed at high environmental improvement effects.

1. Evaluation of Green Building

The eligibility criteria (1 to 5) for green building established by the Investment Corporation are evaluated by the JCR as covering buildings at a level that is expected to have a certain environmental improvement effect, as described in detail below. Regarding 6, among third-party certifications other than 1 to 5, JCR evaluates that the evaluation level covers the same level of evaluation and similarly covers buildings at a level that is expected to have a certain environmental improvement effect.

1) Summary of DBJ Green Building Certification and DBJ Green Building 3-star-or-more Environmental Performance

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

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

The certification level of DBJ Green Building Certification is assumed to be the top 20% of all domestic income-producing real estate in "environmental and social considerations." [5] In addition, each evaluation up to three stars covers an aggregate of the top 10% (five stars), the top 30% (four stars) and

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

the top 60% (three stars) of the properties that exceed the certification level. Therefore, the eligibility criteria of this investment corporation are evaluated as being focused on the properties with high environmental performance among the buildings aiming at the certification acquisition.

2) 3) Overview of CASBEE (Comprehensive Assessment System for Built Environment Efficiency) Certification and Environmental Performance of CASBEE Building (New Building) Certification and CASBEE Real Estate Certification B+ or higher

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

This is a method to evaluate and rate the environmental performance of buildings, and it established the Comprehensive Environmental Evaluation Research Committee for buildings as a joint project between industry, government, and academia with the support of the Housing Bureau of the Ministry of Land, Infrastructure, Transport and Tourism in April 2001, and has been continuously developing and maintaining it since then. Evaluation tools include CASBEE-Buildings, CASBEE-Urban Development, etc., as well as CASBEE-Real Estate that have been developed with the purpose of showing environmental performance in an easy-to-understand manner for the real estate market.

The assessment results are divided into five grades: S rank (excellent), A rank (excellent), B+ rank (good), B-rank (slightly inferior), and C-rank (inferior). CASBEE-Real Estate is classified into four grades: S rank (excellent), A rank (excellent), B+ rank (good), and B rank (satisfying essential items). Evaluation methods use quantified performance in the four fields of energy consumption, resource circulation, regional environment, and indoor environment in buildings, quantified and reconfigured from the viewpoint of environmental quality of buildings (Q = Quality) and environmental impact of buildings (L = Load). The evaluation is conducted by the value of BEE (Built Environment Efficiency) with L as the denominator and Q as the numerator. For high evaluation, in addition to environmental considerations such as energy saving and use of materials and equipment with low environmental impact, consideration of indoor comfort and landscape, etc. are also required, and high overall building quality is required. CASBEE Building (New Building) Certification and CASBEE Real Estate Certification B+ or higher, which are specified by the Investment Corporation as eligibility criteria, are buildings with BEE of 1.0 or more, and are evaluated as having environmental-improvement benefits as they are for properties for which the environmental quality of the buildings clearly exceeds the environmental impact.

4) Outline of BELS (Building-Housing Energy-efficiency Labeling System) and Environmental Performance over BELS 3 Stars

BELS (Building-Housing Energy-efficiency Labeling System) is a system for labeling energy saving performance of buildings, and is a system to evaluate and certify energy saving performance of new and existing buildings by a third party organization. Outer skin performance (performance standard and specification standard) and primary energy consumption (performance standard and specification standard) are evaluated, and the evaluation result is expressed by the number of stars based on the achievement numerical value of energy saving standard. It is required to have excellent energy saving performance for high evaluation. In BELS, the number of stars is ranked from one to five, but the ranking is based on BEI (Building Energy Index). BEI is a measure for energy conservation performance compared with the standard value, using the design primary energy consumption as the numerator and the standard primary energy consumption as the denominator. One star is the existing energy saving standard, two stars are the energy saving standard, and three stars are the guidance standard. BELS 3 stars or higher defined by the Investment Corporation as eligibility criteria are based on high-level energy-saving performance (BEI-value of 0.8 or less for non-residential applications) that exceed the guidance standards, and are evaluated to be environmentally effective.

5) Outline of LEED (Leadership in Energy and Environment Design) and Environmental Performance More Than Silver of LEED Certification

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

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

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

2. Evaluation of Energy Conservation

The eligibility criteria cover the acquisition of assets that have an ERR value of 30% or more. ERR value is an indicator which shows the energy utilization reduction rate of buildings. The ERR value is determined as the reduction rate of the design primary energy consumption relative to the standard primary energy consumption, and the larger the value, the higher the energy saving performance. The ERR value of 30% or more, which is set by the Investment Corporation as an eligibility criteria, is comparable to the global level. Accordingly, JCR evaluates that the eligibility criteria are targeting for the acquisition of assets with energy-saving performance and high environmental improvement effects.

3. Evaluation of renovation work

The eligibility criteria cover renovations related to the Investment Corporation's assets. The scope of renovation work is limited to the improvement of Green Building Certification, beneficial improvement in the environment, and introduction or acquisition of equipment on renewable energy, all of which can be clarified their targets and can be expected to have concrete environmental improvement effects. In addition to improving Green Building Certification and introducing or acquiring equipment for renewable energy, for beneficial environmental improvements, the quantitative criteria established in the eligibility criteria are comparable to global standards. Accordingly, the JCR assesses the eligibility criteria as being highly effective in improving the environment.

Based on the above, JCR has evaluated the eligibility criteria of the Investment Corporation as being expected to have an environmental improvement effect.

ii. **The use of proceeds fall under the following categories: "Green Buildings which meet regionally, nationally or internationally recognized standards or certifications" and "Energy efficiency" in the Green Bond Principles and the Green Loan Principles; "Green Building Projects" and "Energy Efficiency Projects" among the uses of proceeds exemplified in Green Bond Guidelines and Green Loan and the Sustainable Linked Loan Guidelines.**

According to a survey by the World Green Building Association, carbon dioxide emissions from buildings is estimated to account for 39% of the total, and as a global warming prevention measure in our country, it is important further popularization of green buildings with high energy saving performance to reduce carbon dioxide emissions from buildings. In addition, the Basic Energy Plan approved by the cabinet in July 2018 states that the government aims to realize ZEB (net zero energy buildings) on average for new buildings by 2030. In addition, in the "Green Growth Strategy toward 2050 Carbon Neutrality " announced in December 2020, the growth strategy for the housing and building industries states that the promotion of energy-saving renovations and other measures will be promoted as much as possible in order to achieve the aforementioned goals for 2030. From this, it is consistent with our energy conservation policy that the Investment Corporation carries out the renovation work positively aiming at acquisition and high environmental improvement effect of buildings with a high level of environmental certification.

b. Negative impact on the environment

The Asset Manager identifies and manages environmental risks, such as environmental pollutants and soil pollutants, associated with the target assets by using environmental risk assessments, property examination, checklists, etc. by experts inside and outside the Investment Corporation for the implementation of OBR (Own Book Redevelopment), in which property acquisitions and owned assets are redeveloped by themselves. When there is a risk of negative impact on the environment, the Investment Corporation has a policy to avoid and mitigate risks by forgoing property acquisitions and implementing pollution improvement projects, among others. In addition, when ordering renovation work, the risks are reduced through selection in accordance with the objective criteria established in advance.

Accordingly, JCR has confirmed that the Corporation has appropriately identified, avoided and mitigated environmental risks with respect to the investments of funds set forth in the Framework.

c. **Consistency with SDGs**

JCR assessed the goals of the use of proceeds set out in this Framework, referring to SDGs mapping of ICMA, and contributing to the following SDGs goals and targets.

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 11.3. 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 Goals>

Investment policy based on a long-term vision

Mitsui & Co. Logistics Partners Co., Ltd. ("MLP") recognizes that as an asset management company of the Japan Logistics Fund Investment Corporation, ESG (Environment: Environmental, Society: Social, Governance: Governance) initiatives are a key issue in the real estate investment management business. To this end, we have established the "Guidelines for ESG Initiatives" and invest in real estate based on this policy.

We believe that procuring funds based on the Green Finance Framework contributes to "I. Contributing to a Sustainable Environment," "III. Diverse Cooperation and Cooperation with Various Entities," and "V. Information Disclosure and Utilization of Environmental Certification and Evaluation for Investors and Other Related Persons" among the above sustainability policies.

In addition, in accordance with the Act on the Rationalization of Energy Consumption and Water Consumption (Medium-to Long-Term Targets) established by the Investment Corporation, the Investment Corporation aims to reduce the annual average of energy consumption per unit of production* and GHG emissions per unit of production* by at least 1% over the past five years in accordance with the Act on the Rationalization of Energy Consumption throughout the Portfolio. The Investment Corporation also aims to reduce water consumption per unit of production from the previous fiscal year.

*The basic unit is calculated by dividing the annual total consumption or emission by the total floor area (m^2).

<JCR's Evaluation of the Framework>

Green financing implemented from the Framework is aimed at Green Building Certification or renovation work aimed at acquisition of properties with high environmental improvement effect or high environmental improvement effect with energy conservation performance. The Investment Corporation has established the "Reduction Targets for Energy Consumption and Water Consumption (medium to long-term Targets)" described in the above investment policy as specific sustainability targets for the environment. JCR confirmed that the purpose of implementing green financing based on the Framework contributes to the achievement of the sustainability targets set to reduce environmental impact and is consistent with the initiatives promoted by the Investment Corporation in relation to ESG.

b. Selection Standard

The eligibility criteria in this Framework are as described in Evaluation Phase in this report. JCR evaluated that the selection standard for green projects is appropriate.

c. Processes

<The Framework for Processes>

1. Project selection participants

Projects for which the proceeds will be used are evaluated and selected by MLP's Financial Planning Department staff for conformance to eligible criteria.

2. Project selection process

Procurement of funds through green financing for the target project is drafted by the person in charge in the MLP Finance Planning Department and approved by the internal decision-making process with the final decision-maker as the MLP Representative Director and President.

<JCR's Evaluation of the Framework>

The selection of projects eligible for use of green finance funds will be evaluated and selected in accordance with the process described in the above framework, and then the decision-making body will be made with the President and Representative Director of the Asset Manager as the final decision-maker. The Financial Planning Department and management of the Asset Manager, which have expert knowledge, are involved in the process, and JCR evaluates that it is appropriate as the project selection process.

The Investment Corporation's green finance objectives, selection criteria and processes are disclosed on the Investment Corporation's website, press releases, and the supplements to shelf registration documents. Therefore, it is considered that transparency to investors, etc. is ensured.

2. Appropriateness and Transparency of management of the proceeds

(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 unappropriated funds be evaluated.

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

<The Framework for proceeds management>

Plan for appropriation of proceeds

The Investment Corporation plans to promptly use the proceeds procured through green finance to fund expenditures that meet eligibility criteria. Procurement funds are managed by the MLP Finance Planning Department on an internal system after procurement. If it takes a period of several months from procurement to complete of appropriation, the unallocated proceeds are managed in cash or cash equivalents. The MLP Accounting System, under the approval of the MLP Manager of the Accounting Department, gives instructions to the custodian bank or the property trustee regarding the operations related to deposits and withdrawals.

How to track and manage proceeds

The proceeds procured through green finance are used to pay Green Eligible Assets and are tracked and managed by the Financial Planning Department through an internal system. In addition, we plan to confirm once a year until the completion of appropriation that the sum of the appropriated amount and the unallocated amount matches the amount raised or has been fully appropriated until the redemption of the Green Bonds or the repayment of the Green Loans, and obtain confirmation from the Director of Financial Planning.

Internal control and external audit for tracking management

The Internal Audit Office conducts internal audits of procurement funds, and the accountant auditors conduct external audits.

Management method of unappropriated proceeds

Until a determination is made as to the appropriation of the proceeds, the proceeds will be managed in cash or cash equivalents. Even after the full appropriation, if assets subject to the use of proceeds are not subject to them due to sell or impairment before the redemption of the bonds subject to the evaluation, the unused proceeds that arise temporarily will be managed by the portfolio management.
We will confirm that the total amount of green finance balance does not exceed the maximum amount of Green Eligible Liabilities (total assets meeting eligibility criteria × total assets LTV) each fiscal year end.

<JCR's Evaluation of the Framework>

Fund management of procurement funds is performed by the Financial Planning Department of the Asset Manager using the in-house system. When managing and operating funds, prior or ex-post approvals are made by persons in charge, such as the General Manager of the Accounting Department and the General Manager of the Financial Planning Department, depending on the nature of the procedure. Proceeds from green financing are managed in cash or cash equivalents until appropriated.

Proceeds from green financing will be used for new investment or refinancing in projects that meet eligibility criteria. When unused funds arise due to the sale or impairment of the property subject to the use of funds after appropriation of the proceeds, the Investment Corporation confirms the greenness of the green finance by checking that the balance of the green finance does not exceed the amount of Green Eligible Liabilities. If the balance of Green Finance exceeds the amount of Green Eligible Liabilities, the Investment

Corporation will take measures such as increasing the amount of Green Eligible Assets. JCR believes that there are no particular issues to be addressed by the Investment Corporation, as this portfolio management is consistent with the manner commonly used in the marketplace.

The Internal Audit Office and Accounting Auditors audit and control the management of funds procured through green finance.

A system has been put in place to ensure that electronic files related to the management of funds for green finance are stored for the redemption and repayment of green finance and for a sufficient period of time thereafter.

Based on the above, JCR evaluated that the fund management of the Investment Corporation is appropriate and that the management method is highly transparent.

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

<Framework for Reporting>

Disclosure Status of Appropriation of Funds

・Appropriation plan, if unused funds are available at the time of Green Bond issuance or Green Loan borrowing

・If assets subject to the use of funds are sold by the redemption/repayment period, the green finance balance and the maximum amount of Green Eligible Liabilities after explaining that t the balance is managed through portfolio management

Impact Reporting Disclosure Methods and Frequency

・Scheduled to be disclosed annually on the Investment Corporation's website

KPIs (Key Performance Indicators) in Impact Reporting

○Number and type of environmental certification of acquired assets

○Specific consumption

・Energy consumption

・GHG (CO_2) emissions

・Water consumption

・Total weight of waste

○For renovation work

In addition to the content of the renovation work and the name of the target property, any of the following quantitative indicators after the renovation work

・Status of environmental certification (type of certification, level of certification)

・Amount of renewable energy power generation and estimated greenhouse gas (CO_2) reductions from the power generation

・Energy consumption, GHG (CO_2) emissions, or water consumption

<JCR's Evaluation of the Framework>

a. Reporting on the proceeds allocation

The Investment Corporation plans to disclose the subject properties and the funding date in the press release on the appropriation of the proceeds from green financing. In addition, if there are any unappropriated funds in the semi-annual accounting period, the Investment Corporation plans to disclose the latest information on the content of appropriation plans or portfolio management on its website. After appropriation of the proceeds, if the property subject to the use of the funds will not be subject to the use of the funds due to sells, impairment, etc. and the unused funds arise, the content of the funds and the method of management of the unused funds will be disclosed in the same way. JCR has assessed that reporting on the appropriateness of these funds is appropriate.

b. Reporting on environmental improvement effects

In addition to the names of the assets subject to the Green Building, the types of environmentally certified, and the certification levels, the Investment Corporation plans to disclose annually on its website the energy consumption, greenhouse gas (CO_2) emissions, water consumption, and total waste volume of its entire holding assets. If the proceeds from green financing are used for projects related to renovation work, the indices necessary to calculate the environmental improvement effect after construction will be fully disclosed. JCR assesses these disclosures and the frequency of disclosures as appropriate.

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 Evaluation

The Investment Corporation and the Asset Manager recognize that ESG (Environment: Environmental, Social: Social, Governance: Governance) initiatives are important issues in the real estate investment management business. Accordingly, with regard to environmental and social initiatives, the Investment Corporation and the Asset Manager strive to reduce environmental impact and build trusting relationships with various entities inside and outside the companies, aiming to realize a sustainable society and contribute to society through asset management operations. The Asset Manager has established the following sustainability policies, publicizing such attitudes widely, setting sustainability targets, and implementing various measures. With regard to the environment, it have set a target of reducing energy consumption per unit of production and GHG emissions per unit of production in the overall portfolio over the medium to long term by an average of 1% or more per year over the past five years. It also aims to reduce water consumption per unit of production from the previous fiscal year.

Sustainability Policy

The Asset Manager has established the following Sustainability Policy to conduct real estate investment management operations that take into account the reduction of environmental impact, improvement of safety, security, and comfort, as well as various collaborations and cooperation with various entities.

I. Contributing to a sustainable environment
1 Efficiency of energy use and responses to climate change
2 Water quality protection
3 Pursuing resource conservation and waste reduction
4 Supporting biodiversity
5 Environmental attributes of building materials

II. Efforts to create a comfortable and healthy working environment and to educate executives and employees

III. Diverse collaboration and cooperation with various entities

IV. Thorough compliance and the establishment of governance and risk management systems
1 Thorough compliance
2 Establishment of governance and risk management systems

V. Disclosure of information to investors and other stakeholders and use of environmental certification and evaluation

VI. Review of this policy

Under the sustainability policy described above, the Investment Corporation is engaged in environmental initiatives based primarily on the initiatives of its main sponsor, Mitsui & Co. OBR, which redevelops owned assets on its own, is a distinctive feature not found in other investment corporations, and is also unique as an environmental initiative. The Investment Corporation is redeveloping its aging holdings to increase asset value and profitability by increasing leasable area and updating device specifications, as well as promoting improvement of environmental performance through rebuilding and equipment replacement. In implementing OBR, the Investment Corporation acquires CASBEE certification and other external certifications to verify environmental performance, and also considers making it a green financing target as a green building. On top of that, the Investment Corporation is actively working on the use of LEDs for various lighting fixtures, the installation of rooftop solar panels, and the greening of facilities.

The Asset Manager has established the Sustainability Promotion Liaison Committee as an organization to promote sustainability initiatives. This Liaison Committee is held roughly once a quarter and is composed of the president and other department managers, and considers policies, objectives, and various initiatives relating to sustainability, taking into account the social situation and the Investment Corporation's management status. In addition, the Investment Corporation utilizes outside consultant companies, etc. to reflect its expertise of overall ESG initiatives in its business operations.

Based on the above, JCR has evaluated that the management of the Investment Corporation regards environmental issues as a high priority issue for management.

■ Evaluation Results

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

■ Subject

Issuer/Borrower: Japan Logistics Fund, Inc (Securities code: 8967)

[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 for) Rieko Kikuchi, Hiroya Kakiuchi

Important explanation regarding the evaluation of the Green Finance Framework

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 Method.

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.

■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)
・Members of the Working Group on UNEP FI Positive Impact Finance Principles

■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

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