

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

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

JCR Assigned Preliminary Green 1 to ORIX JREIT Inc. 13th Unsecured Bonds

S u b j e c t	:	ORIX JREIT Inc. 13th Unsecured Bonds
T y p e	:	Specified Investment Corporation Bonds
Issue amount	:	To be determined
Interest rate	:	To be determined
Date of issuance	:	To be determined
Redemption date	:	To be determined
M e t h o d o f r e p a y m e n t	:	Bullet
Use of proceeds	:	Refinancing of funds to acquire an asset

<Green Bond Preliminary Evaluation Results>

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

Chapter 1: Evaluation Overview

ORIX JREIT Inc. (OJR) is Japan's first diversified Real Estate Investment Trust (J-REIT) established on September 10, 2001 and listed on the Tokyo Stock Exchange (Real Estate Investment Trust Securities Market) on June 12, 2002. OJR invests in logistics facilities, commercial facilities, housing, and hotels, with office buildings in the Tokyo metropolitan area at its core. As of the end of March 2019, OJR's assets were worth JPY 663.5 billion on an acquisition price basis.

ORIX Asset Management Co., Ltd. (OAM), the asset management company of the Investment Corporation, is a wholly-owned subsidiary of ORIX Corporation (ORIX). ORIX was founded in 1964 as Orient Leasing Co., Ltd., and has been working to capture revenue opportunities while expanding the scope of its operations. ORIX and its group

companies (ORIX Group) currently consist of six business segments: Corporate Financial Services, Maintenance Leasing, Real Estate, Investment, Retail and Overseas. In 1986, the company entered the single-person dormitory rental business. It now invests in office buildings, rental condominiums, commercial facilities, and logistics facilities. It also operates hotels, inns, aquariums, and residential properties for the elderly. It also manages the assets of real estate investment trust (REIT), and provides real estate investment advisory services.

Since OAM's main officers and employees are seconded from ORIX, ORIX Group's experience and know-how, including its real estate business, are passed on to OAM. In addition, OJR acquired approximately 90% (JPY 312.1 billion) of properties acquired during the past five and a half years from properties owned by the ORIX Group, and invests from a wealth of pipelines leveraging its strong relationship with the sponsor.

Utilizing the support from the ORIX Group, OJR is achieving both external and internal growth while leveraging its strengths as a diversified J-REIT.

The bonds to be evaluated are 13th unsecured bond issued by ORIX JREIT Inc. The proceeds will be allocated for refinancing the acquisition of properties that meet the eligibility criteria of the Green Finance Framework established by OJR.

OJR defines green buildings as "Green Eligible Assets" that are applicable to green bonds under the Green Finance Framework. Properties that have obtained or expected to obtain either three stars or more in DBJ Green Building Certification, B+ or higher in CASBEE Certification, three stars or more in BELS Certification, or LEED assessment Silver or more. JCR has confirmed that the asset to be refinanced by the bonds belongs to "Green Eligible Assets" as defined in the Green Finance Framework. Definition of "Green Eligible Assets" established by OJR covers buildings with environmental improvement effects.

JCR confirmed that an office buildings and a logistics facility subject to refinancing through the issuance of bonds belong to "Green Eligible Assets" as defined in the OJR's Green Finance Framework. JCR has also confirmed through the application documents and hearings concerning the property that there are few possibilities of serious negative impact on the environment that outweigh the environmental improvement effect. Based on the above, JCR has evaluated that the use of proceeds of the bond will have environmental improvement effects, including the effects of reducing CO₂ emissions.

In March 2018, OAM, the Asset Management Company of OJR, established the "Sustainability Committee" to discuss ESG-related issues under the leadership of management. In addition, active discussions related to ESG were held at the working level below the general manager. OJR also conducts environmental evaluation and acquires various certifications for acquired properties, and the number of properties that it acquires is on the rise. In addition, JCR confirmed a robust management and operation system and high transparency for OJR. For example, OJR has in-house experts on properties and the environment, and has established checkpoints on the environment when acquiring properties. In addition, OJR conducts internal and external audits on a regular basis.

As a result, JCR assigns "g1" for "Evaluation of Greenness (Use of Proceeds)" and "m1" for "Evaluation on Management, Operation and Transparency". Consequently, JCR assigns "Green1" as an overall preliminary evaluation results to the bonds. Detailed evaluation results are discussed in detail in the next chapter.

The bonds are considered to meet the standards for items required by the Green Bond Principles and the Green Bond Guidelines of the Ministry of Environment of Japan.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

JCR assigns "g1", the highest grade, to "Evaluation Phase 1: Greenness Evaluation".

Rationale: 100% use of proceeds of the bond will be allocated to a green project, considering the factors described below.

(1) JCR's key consideration in this factor

In this section, JCR 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 evaluation

Overview of Use of Proceeds

a. On the environmental improvement effects of the project

i. 100% use of proceeds will be for refinancing of properties that belong to the Green Eligible Assets, which have environmental improvement effect.

OJR defines use of proceeds under the Green Finance Framework.

Proceed from Green Bond or Green Loan meet either of the following eligibility criteria:

- (1) Proceeds for new acquisition of Green Eligible Assets,
- (2) Proceeds for Repair work etc.

Or used to repay borrowings (including green loans) or redeem investment corporation bonds (including green bonds) that have already been issued.

(Eligibility Criteria)

(1) Green Eligible Assets

Any of the following certifications or recertification is an asset that has been acquired or is expected to be acquired in the future.

DBJ Green Building Certification: Three Stars or higher (top to third)

BELS Certification: Three stars or higher (top to third)

CASBEE Certification: B+ or higher (top to third)

LEED Certification: Silver or higher (top to third)

(2) Repair work, etc.

Either of the following must be met:

Refurbishment work intended to improve at least one level of star or rank in any of the above (1) Green Eligible Asset Certifications

Renovation work that can reduce energy consumption, CO₂ emissions, or water consumption by 10% or more

Installation or acquire of equipment related to renewable energy

100% of the use of proceed of this bond is to refinance for the acquisition of an office building (Lunar Sendai) and a logistics facilities (Toda Logistics Center) that belong to Green Eligible Assets set forth in the Green Finance Framework (Property acquisition price: JPY 18.1 billion). Lunar Sendai, which has the highest BELS certification ranking of five stars, and Toda Logistics Center, which has acquired four stars for BELS certification. BELS certification is an assessment of the degree of achievement of the Energy Efficiency

Standard expressed in stars. JCR has evaluated that the buildings with four stars or higher evaluation for use of proceed of the bonds as having a higher environmental improvement effect.

In February 2015, Lunar Sendai renewed its air-conditioning equipment and changed the electricity used in its exclusive and common use areas to LED, thereby reducing energy consumption. Toda Logistics Center also works to conserve energy by adopting high-efficiency lighting equipment.

<Target projects>

Property name	Lunar Sendai
Location	2-15-1 Hommachi, Aoba-ku, Sendai, Miyagi
Principal uses	Office
Site area	1,990.35 m ²
Total floor area	13,924.19 m ²
Number of stories	2 stories below ground and 14 stories above ground
Completion	Feb. 1998
Environmental certification	Five stars of BELS certification
Features and environmental performance	<ul style="list-style-type: none"> It is located on Higashi-Nibancho Street in the center of Sendai. In February 2015, it renewed its air-conditioning equipment and switched to LED lighting for exclusive and common use spaces, thereby saving energy.

Property name	Toda Logistics Center
Location	7-35, Sasame-Minami-cho, Toda, Saitama
Principal uses	Distribution facility
Site area	19,473.82 m ²
Total floor area	36,158.60 m ²
Number of stories	5 stories
Completion	March 2005
Environmental certification	Four stars of BELS certification
Features and environmental performance	<ul style="list-style-type: none"> It is located in Toda City, which is highly convenient for delivery to the center of Tokyo and where logistics facilities are concentrated. Efforts are made to conserve energy by using high-efficiency lighting fixtures.

ii. Uses of proceeds fall under the category of green projects defined in the Green Bond Principle and Green Bond Guidelines of the Ministry of Environment of Japan that are "Energy Efficiency" and "green buildings which meet regional, national or internationally recognised standards or certifications."

b. Negative impact on the environment

OAM, the asset management company of OJR, appropriately conducts due diligence when acquiring properties with regard to projects for which use of proceeds of the bonds. In conducting due diligence, OAM receives due diligence reports from real estate valuation companies in the registration lists selected independently in advance, and also conducts checks by setting up items related to the environment in the checklists composed by OAM. In the due diligence, JCR confirmed that if there is a concern that the subject property may have a negative impact on the environment, the condition of acquisition is to be corrected by the seller.

c. Consistency with SDGs goals and Targets

This project is classified as “Energy Efficiency” and “green buildings which meet regional, national or internationally recognised standards or certifications”. JCR evaluated the project to contribute to the following SDGs targets, referring to ICMA's SDGs mapping.



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 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.

② BELS

"BELS" is an acronym for the English name of Building-housing Energy-efficiency Labeling System.

In October 2013, the Ministry of Land, Infrastructure, Transport and Tourism formulated the "Guidelines for Labeling Energy Conservation Performance for Non-Residential Buildings (2013)." Based on these guidelines, a third-party organization was established with the purpose of properly evaluating and labeling the energy-saving performance of non-residential buildings. Subsequently, in July 2015, the Act on Improvement of Building Energy Consumption Performance (Building Energy Conservation Act) was promulgated, and Article 7 of the Act stipulates that business owner 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 efficiency standards. They are expressed as 5 stars, 4 stars, 3 stars, 2 stars, and 1 star.

③ 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.

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-real estate scoring has four grades: Rank S (Excellent), Rank A (Very Good), Rank B+ (Good), and Rank B (Satisfaction of mandatory items)).

④ LEED

LEED is the Environmental Performance Assessment System for Construction and Urban Environments, developed and operated by the U.S. Green Building Council (USGBC), a non-profit organization. As of 2018, there are buildings certified in over 160 countries or areas.

The LEED is an acronym for Leadership in Energy and Environment Design. The draft was published in 1996 and is updated once every few years.

There are five types of certification: BD+C (Building Design and Construction), ID+C (Interior Design and Construction), O+M (Operations and Maintenance), ND (Neighborhood Development), and HOMES (Home).

The authentication level is represented by the sum of the points earned for each item and is from above Platinum (80 points or more), Gold (60-79 points), Silver (50-59 points), and Certified (40-49 points).

Evaluation Phase 2: Evaluation on Management, Operation and Transparency

JCR assigns "m1", the highest rating on JCR Evaluation Phase 2: Evaluation on Management, Operation and Transparency.

Rationale: These projects will be allocated the funding and implemented the businesses as planned through a firmly equipped management and operation system and high transparency as described below.

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 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 evaluation

a. Goal

OJR's asset management company, OAM, aims to achieve stable growth in unitholder value, which is the investment philosophy of OJR, and has established an ESG policy for the implementation of asset management with consideration for the environment (E), society (S) and governance (G), which is publicly available on the website.

[ESG Policy]

- "1. Reduction of environmental load and formation of a recycle-based society"
- "2. Collaboration with stakeholders"
- "3. Enhancing health, comfort for tenants, executives and employees"
- "4. Risk management and compliance"
- "5. ESG education/enlightenment activities "
- "6. Promotion of information disclosure and visualization of ESG"

In accordance with the above ESG policy, numerical targets, specific initiatives, and organizational structure are established in the "Energy Usage/Greenhouse Gas Emission Reduction Policy," "Water Conservation Policy," and "Waste Weight Management Policy". According to these policies, various measures are taken. As an example of specific initiatives, the Company has concluded a Property Management contract with a property management (PM) company that manages properties to implement environmentally conscious management, and every year OJR receives reports on energy data from PM service contractors.

The use of the proceeds of the bonds is the refinancing loans for the acquisition of Lunar Sendai and Toda Logistics Center. Considering the characteristics of these properties, the issuance of the bonds will contribute to realize "1. Reduction of environmental load and formation of a recycle-based society", "2. Collaboration with stakeholders", "3. Enhancing health, comfort for tenants, executives and employees", "4. Risk management and compliance" and "6. Promotion of information disclosure and visualization of ESG".

b. Selection standard

The "Green Eligible Assets" criteria of OJR under the Green Finance Framework are assets that have acquired or are expected to acquire either DBJ Green Building Certification of three stars or higher, BELS Certification of three stars or higher, CASBEE Certification of B + rank or higher, or LEED Certification Silver or higher. As described in Phase 1: Greenness Evaluation, JCR has evaluated the criteria for buildings with environmental improvement effects.

The selection criteria are first reviewed and discussed by the Sustainability Committee of OAM and the final decision is made by the Investment Committee, which consists of the representative directors, executive officers, and outside committee members of OAM. The Sustainability Committee is an advisory body chaired by the President and CEO and composed of executive officers in charge, but has no decision-making authority. The Sustainability Committee meets at least four times a year to share important information and progress.

The sustainability committee discusses selection criteria. In addition to the involvement of management in selection criteria, the management of OAM's Investment Committee consisting of the president, executive officers, and other members of management. Therefore, JCR considers that a system has been put in place to evaluate, select and allocate funding for "Eligibility Criteria" in accordance with the OJR's ESG policy by management.

As mentioned above, the decision to fund for both Lunar Sendai and Toda Logistics Center was made by the Investment Committee after consideration and deliberation by the Sustainability Committee.

c. Processes

The selection of the use of proceeds for the bonds and the issuance of Green Bonds are drafted by OAM's Financial and Investor Relations Department and reviewed and discussed by the Sustainability Committee regarding the greenness of individual properties. The decision is made by the OAM's Investment Committee, which is attended by the President and CEO and OAM Executive Officers. JCR has evaluated that management is appropriately involved in the selection process and that the decision-making process is clear with respect to both the selection of the use of proceeds and the issuance of Green Bonds.

The target setting, selection criteria, and process stated above are to be disclosed in the Shelf Registration Supplements for the issuance of the bonds and 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 generally assumed that the management method of the proceeds varies status on the issuer. Confirm whether proceeds procured through the issuance of green bonds are appropriated to the green projects and whether a mechanism and internal system are in place to enable easy tracking and management of the appropriation of proceeds.

JCR also attaches importance to evaluating the management and operation of the unallocated proceeds as well as to confirming that the proceeds procured from the bond will be allocated to the green projects at early stage.

(2) Current status of evaluation targets and JCR evaluation

- a. The proceeds for the bonds will be allocated to refinance the funds for acquiring Lunar Sendai and Toda Logistics Center described in this report, and will not be used for any other purposes.
- b. The Finance and IR Department of the OAM prepares instructions in advance to direct the recipient of proceeds, and the General Affairs and Accounting Manager, who manages the receipts and disbursements, makes the final decision. The proceeds will be allocated to acquire new assets classified as eligible, repay borrowings or redeem bonds on properties that meet existing eligibility criteria. Deposit management is conducted through the main account of the trust bank, which is the asset custody bank. After collecting a copy of the passbook and confirming that it has been deposited into the account of the trust bank, data will be registered in the internal financial system by the Finance and IR Department. JCR confirms that the proceeds procured from OJR bonds will be allocated to refinance the funds for the acquisition of Lunar Sendai and Toda Logistics Center as soon as possible after the funding, and that tracking management will be sufficient at the time of the allocation in a lump sum.
- c. In OAM, the internal audit department conducts internal audits at least once a year. In addition, JCR confirmed that external audits by auditing firms are conducted appropriately in terms of accounting in general. Also, JCR confirmed through hearings that these books are subject to external audits at the end of each fiscal year, and that they are properly maintained.
- d. The proceeds from this bond will be used to refinance the funds for the acquisition of Lunar Sendai and Toda Logistics Center as soon as possible after the funding. Therefore no unallocated proceeds will be generated. JCR also confirmed that the OJR will disclose any unallocated proceeds arising from the sale of the above two properties prior to redemption of the bonds, even though it is not clear if the link between the bonds and the individual properties will be made.

JCR confirms that the refinancing of funds for the acquisition of Lunar Sendai and Toda Logistics Center will be ensured, that the proceeds will be managed by OJR in an appropriate manner, that an internal audit and external audit system is in place, and that disclosure will be made by OJR when unallocated proceeds occur. Therefore, JCR considers the Appropriateness and Transparency of Management of the proceeds 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 evaluation

a. Reporting on the proceeds allocation

The use of proceeds for the bonds will be publicly announced by the OJR in the Amended Shelf Registration Statement and on the website. In addition, as confirmed in the previous section, the proceeds of the bonds will be immediately allocated to refinance the funds for the acquisition of Lunar Sendai and Toda Logistics Center, so it is not currently assumed that the reports on unallocated funds will be made during the term. However, JCR confirms that disclosure will be made by OJR in the event of a major change in circumstances, such as the occurrence of unallocated proceeds due to the sale of the two properties refinanced with the bonds.

b. Impact Reporting for environmental benefits

OJR plans to disclose the following items in the Green Finance Framework as reporting items related to environmental improvement effects.

a As long as Green Bonds or Green Loans exist, the status of certification of each Green Eligible Asset allocated from the proceeds, the rating of certification, and the whole indicators of Green Eligible Assets are disclosed on the website once a year.

Energy consumption/CO₂ emissions/water consumption

b For renovation work, as long as green bonds or green loans exist, the following indicators are disclosed on the website once a year after completion of construction.

Energy consumption, CO₂ emissions, or water consumption (before renovation/after renovation)

OJR plans to receive an annual third-party review of the accuracy of the reporting status by the maturity date.

JCR believes that the reporting plan is intended to appropriately disclose to investors both the allocation of proceeds and the effects of environmental improvements.

4. Organization's environmental efforts

(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 evaluation

In order to achieve stable growth in unitholder value, OAM has formulated the ESG Policy in order to implement the ESG-conscious asset management policy.

In response to increasing awareness of ESG among overseas investors, the company has adopted a management stance that considers ESG. As noted above, the "Sustainability Committee" has been held since March 2018, chaired by the president and CEO and comprised of executive officers in charge, and has already held five meetings. Before the Sustainability Committee was held, various issues related to ESG were discussed at a meeting where department heads and lower levels of relevant departments met and discussed.

In addition, as part of its efforts, OJR has obtained GRESB real estate appraisals and acquiring various certifications, such as DBJ Green Building, CASBEE, and BELS, for the acquired properties, both of which are published on its own website. In the GRESB Real Estate Assessment, OJR has been awarded the Green Star for the fourth consecutive year to businesses that have excellent "Management and Policy" and "Implementation and measurement", both of which are the two evaluation criteria in the sustainability assessment. JCR considers this as indicating that OJR's sustainability initiatives are highly evaluated by third parties. JCR also assesses that the number of properties certified is increasing indicate OJR's stance on the environment.

In addition, OJR has been a corporate member of Green Building Japan, a LEED public organization in Japan, since August 2018. OJR aims to collaborate with people who aim to create a sustainable society through its activities.

OAM has two first-class architects in the Business Promotion Department, one CASBEE Assessor, and one first class architect in the Investment Management Department. In addition, OAM has departments and human resources with specialized knowledge of properties and the environment. For example, employees with qualifications related to the environment are qualified as Energy Management Personnel, and the Supervisor of the Risk Management & Compliance Department has been active as an expert on environmental issues in Japan for many years. In addition, environmental consulting is carried out in cooperation with internal and external specialists, such as by requesting external specialists.

JCR considers environmental issues to be a high priority for the management of these organizations, and that departments with expert knowledge are clearly involved as organizations in the selection of green finance procurement policies and processes and green projects.

(Reference) GRESB Real Estate Assessment

GRESB is a benchmark established in 2009 that measures and evaluates the degree of consideration given to ESG by companies that holding and manages real estate and infrastructure. GRESB is an acronym for Global Real Estate Sustainability Benchmark. 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 initiatives are given "Green Star" separately from the five-point rating. From J-REIT, 38 investment corporations have participated in the evaluation as of 2018.

■ Evaluation result

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

[JCR Green Bond Evaluation matrix]

		Management, Operation, and Transparency				
		m1	m2	m3	m4	m5
Greenness	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: ORIX JREIT Inc. (Security Code: 8954)

[Assignment]

Target	Issue amount	Date of issuance	Redemption date	Interest rate	Preliminary evaluation
13th Unsecured Bonds (Special pari passu conditions among specified investment corporation bonds) (Green Bonds)	To be determined	To be determined	To be determined	To be determined	JCR Green Bond Evaluation: Green1 Greenness Evaluation :g1 Management, Operation and Transparency :m1

Responsible Analysts for this evaluation: Atsuko Kajiwara and Kosuke Kajiwara

Important explanation of the Green Bond Evaluation

1. Assumptions, Significance, and Limitations of JCR Green Bond Evaluation

JCR Green Bond Evaluation, which is granted and provided by 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 loans 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 (Sustainable Finance & ESG in <https://www.jcr.co.jp/en>) as JCR Green Finance Evaluation Method.

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. Independence in Evaluation of JCR Green Bond

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

■Disclaimers

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■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 17 g-7(a) of the Securities and Exchange Commission Rule, such disclosure is attached to the news releases posted on JCR website (<https://www.jcr.co.jp/en>).

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