

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

Japan Credit Rating Agency, Ltd. (JCR) announces following evaluation results of the Green Finance Framework.

JCR Assigns Green 1(F) to the Green Finance Framework of GLP J-REIT

Subject : GLP J-REIT 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

GLP J-REIT (the “Investment Corporation”) is a J-REIT that specializes in logistics facilities sponsored by GLP Japan Inc. (formerly Global Logistics Properties; GLPKK.) GLP J-REIT was established in September 2011 and listed on the Tokyo Stock Exchange (Real Estate Investment Trusts market) in December 2012. As of August 31, 2019, the Investment Corporation has 75 assets with an aggregate amount acquisition price of JPY 607.9 billion. The Investment Corporation has built a strong cooperative relationship with the sponsor. In the case of acquiring properties, it utilizes the sponsor pipeline such as by focusing on properties that the sponsor develops and owns to make a growth.

GLP Group (the “Group”), to which the sponsor of GLP J-REIT belongs, owns logistics facility portfolios in Japan, China, the United States, Europe and Brazil. GLP Japan, the sponsor, substantially controls the business in Japan.

The Group has established the "Environmental, Social and Governance (ESG) principles" and has an overarching commitment to integrate sustainability into the heart of its business practice. GLP Japan Advisors Co., Ltd., (the “Asset Management Company”), the asset management company of GLP J-REIT, has declared that it will operate asset management business of the Investment Corporation in accordance with the ESG Policy stated above.

The scope of evaluation is the green finance framework (the “Framework”) established by the Investment Corporation to limit its use of proceeds by means of bonds or loans to projects which have environmental improvement effects. JCR evaluates whether the Framework meets the Green Bond Principles (2018 edition), the Green Bond Guidelines (2017 edition) and the Green Loan Principles. The Green Bond Principles, the Green Bond Guidelines and the Green Loan Principles are principles voluntarily published by the International Capital Markets Association (ICMA), the Ministry of the Environment and the Loan Markets Association (LMA) and the Asia Pacific

Loan Markets Association (APLMA) respectively, and are not binding on them, but JCR evaluates with reference to those principles and guidelines as globally unified standards at this time.¹²³

The Investment Corporation defines the use of proceeds for the purchase or refinance of green buildings and renewable energy power generation facilities. For green buildings, the eligibility criteria are defined as properties that have acquired three stars or more of DBJ Green Building certification, B+ ranks or higher of CASBEE certification, three stars or more of BELS certification or Silver or higher of LEED certification. Concerning renewable energy project criteria, the Investment Corporation intends to purchase mainly for solar power generation facilities installed on the roof of existing properties. JCR evaluates that the use of proceeds defined by the Investment Corporation has environmental improvement effects.

The Asset Management Company is the first among its group companies which established Sustainability Task Force and plays a leading role within the Group in ESG initiatives. As part of these efforts, it actively obtains environmental assessments and certifications for acquired properties, accounting for more than half of the total. In addition, JCR has confirmed a robust management and operation system and high transparency for the Investment Corporation; (1) it conducts due diligence at the time of property acquisition, (2) the Asset Management Company has made into the rules for checking items related to sustainability and environmental protection and (3) it introduced regular internal and external audits to secure the internal control system.

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 the “Management, Operation and Transparency Evaluation.” Consequently, JCR assigns “Green 1(F)” for overall “JCR Green Finance Framework Evaluation.” Detailed evaluation results are discussed in the next chapter.

The Framework is considered to meet the standards for items required by the Green Bond Principles, the Green Bond Guidelines of the Ministry of Environment of Japan and Green Loan Principle.

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

² Ministry of the Environment Green Bond Guideline 2017 http://greenbondplatform.env.go.jp/pdf/greenbond_guideline2017.pdf

³ LMA (Loan Market Association), APLMA (Asian Market Loan Association) Green Loan Principle 2018
<https://www.lma.eu.com/>

Chapter 2: Current Status of the Project on Each Evaluation Factor and JCR's Evaluation

Evaluation Phase 1: Greenness Evaluation

JCR assigns "g1 (F)", the highest grade, to "Evaluation phase 1: Greenness Evaluation".
 Rationale: 100% use of proceeds under the Framework 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 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 the use of proceeds has negative impact on the environment. Finally, JCR confirms consistency with the Sustainable Development Goals (SDGs).

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

Overview of Use of Proceeds

a. On the environmental improvement effects of the project

<Framework for Use of proceeds>

Green Eligible Assets for investment in Green Finance

I Green Building

DBJ Green Building Certification	: Three Stars or more (top to third)
CASBEE	: B+ or higher (top to third)
BELS	: Three Stars or more (top to third)
LEED	: Silver or higher (top to third)

II Renewable Energy Power Generation Facilities

<JCR's Evaluation for the Framework>

a. On the environmental improvement effects of the project

i. The eligibility criteria set out in the Framework for funding are acquiring or refinancing of funds for green buildings which meet regional, national or internationally recognised standards or certifications, which are expected to be effective in improving the environment.

I. Green Building

1. DBJ Green Building Certification

A certification 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)". Evaluation 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 target property, but also on comprehensive evaluations that include 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. For obtaining high evaluation, buildings are required not only the environmental consciousness but also of appropriate consciousness for all stakeholders involved in the buildings.

The level of DBJ Green Building certification is expected to be approximately 20% of all income-generating real estate in Japan in terms of environmental and social considerations. 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 Investment Corporation's eligible criteria are limited to properties with high environmental performance among the buildings that aim to acquire certification.⁴

2. CASBEE (Comprehensive Assessment System for Built Environment Efficiency)

CASBEE is a method to evaluate and grade the environmental performance of buildings. In April 2001, the Comprehensive Environmental Evaluation Research Committee for Buildings was established 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, and since then it has been continuously developing and maintaining buildings. In addition to CASBEE for New Construction and CASBEE for Urban Developments, assessment tools include CASBEE for Real Estate developed with the purpose of clearly showing environmental performance for the real estate market.

The Evaluation is ranked in five grades: S (Superior), A (Very Good), B+ (Good), B-(Slightly Poor), and C (Poor). CASBEE for Real Estate is classified into four grades: S (Superior), A (Very Good), B+ (Good), and B (Satisfactory). Assessment methodologies use performance in the four areas of energy consumption, resource circulation, local environment, and indoor environment in buildings that are reconstructed and quantified from the viewpoints of environmental quality of buildings (Q = Quality) and environmental impact of buildings (L = Load). Evaluation is based on the value of BEE (Built Environment Efficiency) with L as the denominator and Q as the numerator. In order to obtain high evaluation, it is necessary not only to consider the environment, such as energy efficiency and the use of materials and equipment with low environmental impact, but also to give consideration to the comfort in the room and landscape, and the quality of the overall building is required. Accordingly, B+ or higher, as defined by the Investment Corporation as eligible criteria, are buildings with a BEE of 1.0 or higher in CASBEE for New

⁴ Revision and Disclosure of DBJ Green Building Certification Evaluation Items (DBJ Green Building Certification Website, February 2019)

Construction are targeted at properties that are clearly superior in quality to environmental impact. In CASBEE for Real Estate, although the measurement criteria are not BEE, they are evaluated as having an environmental improvement effect because they cover properties equivalent to B+ in conventional CASBEE for New Constructions.

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

BELS is the system which evaluates and certifies the energy conservation performance of new and existing buildings by a third-party assessment organization. The exterior performance (performance standards and specifications standards) and primary energy consumption (performance standards and specifications standards) are subject to evaluation, and the evaluation results are expressed in the number of stars according to the energy conservation standards achieved. In order to obtain high evaluation, the building requires superior energy-saving performance. In BELS, the rank is divided into from one star to five stars according to the BEI (Building Energy Index). The BEI is a scale for achieving energy conservation performance in comparison with the standard value with the design primary energy consumption as a numerator and the standard primary energy consumption as a denominator. As one star is the existing energy conservation standard, two stars is the current energy conservation standard, and three stars is the guidance standard. Buildings with BELS three stars or more 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 guidance standard.

4. LEED

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 2019, there are buildings certified in more than 160 countries or regions.

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 (Operation 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). As for items related to energy efficiency, it is often a prerequisite for the evaluation that points are high or already achieved, and energy efficiency is high, which is considered necessary in order to obtain a high certification level. Therefore, it is considered appropriate for the Investment Corporation to set the standard as the certification level for buildings that have achieved high energy efficiency is higher than the Silver that the Investment Corporation considers eligible.

II. Renewable Energy Power Facilities

JCR confirmed that the renewable energy power generation facilities targeted by the Investment Corporation are mainly for solar power generation facilities located on the roof of existing properties. As the Investment Corporation's solar power generation facilities are acquired upon obtaining approval in accordance with laws and regulations and conducting due diligence in advance, it is unlikely that the negative impact on the environment will exceed the environmental improvement effect. Therefore, JCR considers that the renewable energy power generation facilities acquired by the Investment Corporation have environmental improvement effects.

Based on the above, JCR evaluates the eligibility criteria presented in the Framework to be effective in improving the environment.

- ii. **Use of proceeds for green building falls under the categories of "Green buildings which meet regional, national or internationally recognised standards or certifications." and "Energy Efficiency" among the green projects defined in the Green Bond Principles, Green Loan Principle or the Ministry of the Environment's Green Bond Guidelines. Use of proceeds for renewable energy power generation facilities falls under the categories of "Renewable Energy."**

According to a survey conducted by the World Green Building Association, carbon dioxide emissions from buildings account for 39% of the total emissions. As a measure to prevent global warming in Japan, it is important to further popularize green buildings with high energy saving performance, which reduces carbon dioxide emissions from buildings. The New Strategic Energy Plan adopted by the Cabinet in July 2018 stipulates that new housing and buildings will be required to comply with energy conservation standards in stages by 2020. From this, it is consistent with Japan's energy conservation policy that the Investment Corporation actively acquires buildings with a high level of environmental certification.

b. Negative impact on the environment

The Asset Management Company conducts due diligence on the acquisition of properties and checks the items related to sustainability and environmental protection. Through interviews with the Asset Management Company, JCR considers that there is little likelihood of a negative impact on the environment caused by the entire logistics facilities owned by the Investment Corporation. In addition, JCR confirms that, if there is a concern about negative impact on the environment, as a means of avoiding or mitigating the impact, the seller must make a correction, etc. as an acquisition condition. For renewable energy power generation facilities, JCR confirms that due diligence is conducted based on engineering reports and on-site inspections at the time of the acquisition.

c. Consistency with SDGs

The projects are green projects defined in the Green Bond Principles, Green Loan Principles or the Ministry of the Environment's Green Bond Guidelines that is classified as "energy efficiency," "green buildings which meet regional, national or internationally recognised standards or certifications," and "renewable energy." With reference to ICMA's SDGs mappings, the JCR evaluated the projects as contributing to the following SDGs objectives and targets.



Goal 3: Ensure healthy lives and promote well-being for all at all ages

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



Goal 7: Ensure access to affordable, reliable, sustainable, and modern energy for all

Target 7.2. By 2030, increase substantially the share of renewable energy in the global energy mix.

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



Goal 8: Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all

Target 8.2. Achieve higher levels of economic productivity through diversification, technological upgrading and innovation, including through a focus on high-value added and labour-intensive sectors



Goal 9: Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation.

Target 9.1. Develop quality, reliable, sustainable and resilient infrastructure, including regional and transborder infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all.

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. 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.



Goal 12: Ensure sustainable consumption and production patterns

Target 12.4. By 2020, achieve the environmentally sound management of chemicals and all wastes throughout their life cycle, in accordance with agreed international frameworks, and significantly reduce their release to air, water and soil in order to minimize their adverse impacts on human health and the environment.



Objective 13: Take urgent action to combat climate change and its impacts

Target 13.1. Strengthen resilience and adaptive capacity to climate-related hazards and natural disasters in all countries.

Evaluation Phase 2: Management, Operation and Transparency Evaluation

JCR assigns "m1 (F)", the highest evaluation on JCR Evaluation Phase 2: Management, Operation and Transparency Evaluation.

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 of Selection Criteria and Process for Use of Proceeds

(1) JCR's Key Consideration in This Factor

In this section JCR confirms the appropriateness of the objectives to be achieved through the framework, the selection criteria for green projects and their processes, and whether a set of processes is properly disclosed to investors and others.

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

a. Goals

<Framework for the Goals of Green Finance Issuance>

(Green investment policy based on long-term vision)

GLP Group to which the sponsor of the Investment Corporation belongs has established the "Environmental, Social and Governance (ESG) Principles" and makes a comprehensive commitment to make sustainability the core of the business strategy.

<ESG Principles> (excerpt)

- 2) Embedding material ESG risks and opportunities into decision-making
- 5) Maximizing supply chain efficiency and meeting the needs of domestic consumption-led growth in our core markets
- 7) Taking the lead in building better communities
- 8) Creating a culture of entrepreneurial value creation
- 9) Protecting and enhancing the environment across all of our operations
- 11) Promoting Energy Efficiency & Renewables
- 12) Building sustainably certified new developments

<JCR's Evaluation for the Framework>

GLP Group has established "Policies on the Environment, Society, and Governance" and discloses it on the website of the Asset Management Company. The Investment Corporation and the Asset Management Company actively engage in sustainability initiatives.

Under the Framework, green finance is used to finance or refinance the acquisition of green buildings or renewable energy power generation facilities. JCR considers that the aforementioned goals to be achieved by implementing green finance are appropriate.

b. Selection Standard

The Investment Corporation's standards for selecting "Green Eligible Assets" in the Framework are Green Building (facilities that have acquired three stars or more in DBJ Green Building Certification, B+ ranking or

higher in CASBEE Certification, three stars or more in BELS, or Silver or higher of LEED) and renewable energy power generation facilities. JCR considers these projects to have environmental improvement effects based on these criteria.

The projects eligible for funding will be selected as Green Eligible Assets under the Framework by Sustainability Task Force established within the Asset Management Company.

c. Processes

<Framework for Process>

(Process of Making Judgments)

The Financial Team of the Corporate Planning Division and Sustainability Task Force of the Asset Management Company will lead the green finance.

Sustainability Task Force is a project team composed of the management of the Asset Management Company and established to lead the formulation and implementation of the sustainability strategy of the Investment Corporation.

The Corporate Planning Department proposes the green finance, and Sustainability Task Force will consider the selection of properties for funding and the allocation plan for funds procured through green finance.

<JCR's Evaluation for the Framework>

In the Asset Management Company, the Finance Team of the Corporate Planning Department drafts a proposal concerning the greenness of the project which is subject to the use of proceeds, and Sustainability Task Force evaluates and determines the greenness.

Sustainability Task Force was organized within the Asset Management Company in 2014 and comprised of the president and representative director, the general manager of the Investment Management Department and the general manager of the Corporate Planning Department. Sustainability Task Force was established to formulate and implement the Investment Corporation's ESG policies. Specifically, it has the privilege to determine and revise the Green Finance Framework and Eligible Criteria.

The goals, selection standard and processes set forth in the Framework are to be disclosed in press releases when implementing green finance, and in addition to green bond procurement in the summary of the Amended Shelf Registration Statement and the Shelf Registration Supplement for issuance of investment corporation bonds. JCR also confirmed transparency to investors by obtaining evaluation reports from third-party evaluation organizations as necessary.

2. Appropriateness and Transparency of Management of Proceeds

(1) JCR's Key Consideration in This Factor

It is generally assumed that the management method of the proceeds varies by issuer or borrower. JCR confirms whether proceeds procured through the issuance of green finance 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 from green finance are allocated to green projects at an early stage.

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

<Framework for Management of Proceeds>

(Management of Green Finance Balance)

Calculate the green eligible debt amount by extracting the green eligible assets from the portfolio and multiplying the total amount of green eligible assets by the actual Loan-to-Value (LTV) Ratio. In addition, green finance will be managed so that the outstanding balance of undisbursed amount does not exceed the green eligible debt amount.

(Appropriation Plan for Fund Raising)

The proceeds from green finance will be fully used to finance the acquisition of new or existing properties or the refinancing of the funds within one month of the green finance.

(Tracking Methodologies of Procurement Funds)

Once the proceeds from green finance are received, the person in charge in the Corporate Planning Department will transfer the entire amount to the seller as the funds for the acquisition of the property or transfer the funds for the redemption and repayment of the investment corporation bonds or loans to the account at a predetermined date.

In order to carry out the above process, the president made final internal decisions in advance.

(Internal and External Audits of Fund Procurement)

The Asset Management Company regularly conducts internal and external audits. It also undergoes external audits of its overall accounting.

(Management of Documents Relating to Procurement Fund)

The passbooks are held by the trust bank, which is the asset custodian.

<JCR's Evaluation for the Framework>

The purpose of green finance is to finance the funds for acquisition of Green Eligible Assets described in this evaluation report, and it is not intended to be used for any other purpose.

With regard to account management, the Corporate Planning Department of the Asset Management Company confirms that the uses of proceeds, due dates, balances, etc. are managed in electronic media such as spreadsheet files. JCR confirms that the entire amount of funds procured through green finance is expected to be used for the acquisition or refinancing within one month after the execution of the green finance, and that it will be sufficient to carry out follow-up management at the time of the lump-sum appropriation.

The Asset Management Company entrusts the operation concerning deposits and withdrawals to the trust bank, which is the general administrative trustee. Within the Asset Management Company, deposits and withdrawals

are subject to approval by the CFO and the president, and it is possible to verify whether operations were conducted according to instructions. The trust bank regularly verifies that audits are conducted to determine whether deposits and withdrawals are conducted properly by the audit firm.

No unallocated funds are expected to be raised because the funds procured through green finance will be used for the acquisition or the refinancing of the funds to be acquired within one month of the procurement. On the other hand, in the event that unallocated funds arise due to such factors as the sale of projects subject to the use of the proceeds prior to redemption of green finance, the Investment Corporation shall manage the outstanding balance of green finance so that it will not exceed the amount of Green Eligible Assets (the amount calculated by multiplying the total green eligible debt amount by LTV (the amount calculated as of the end of the most recent fiscal period of the execution date of green finance or as of the end of February each year)).

Based on the above, JCR evaluates that cash management is highly appropriate and transparent.

3. Reporting

(1) JCR's Key Consideration in This Factor

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

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

<Framework for Reporting>

1. Reporting on the Status of Fund Appropriation

The Investment Corporation will report on the status of fund appropriation on the website. The following information is updated annually until the corresponding green finance balance reaches zero.

- Total Amount of Funding Appropriated
- Number of Eligible Projects
- Balance of Unallocated Funds to Be Procured

2. Reporting on the Environmental Improvement Effects

The following information is disclosed on the website

- Level of Environmental Certification Acquired
- Annual CO₂ Total Reduction Amount for Renewable Energy Power Generation Facilities Targeted for Green Finance Projects

<JCR's Evaluation for the Framework>

a. Reporting on the Status of Fund Appropriation

The use of proceeds of the green finance will be announced on the Investment Corporation's website and other media. As described in the previous section, the funds procured through the green finance will be used for refinancing of the funds within one month after the procurement therefore reporting of unallocated funds is not expected at present. However, JCR confirms that in the event of a major change in circumstances, such as an unallocated funds arising from the sale of properties acquired through green finance, the Investment Corporation will be disclosed on its website after obtaining the CFO's approval.

b. Reporting on Environmental Improvement Effects

In accordance with the Framework, the Investment Corporation discloses a list of effective environmental certifications that has obtained as a reporting of its environmental improvement effects on its website.

JCR evaluates that the reporting is planned to be disclosed appropriately to investors in terms of both the funds appropriation and environmental improvement effects.

4. Environmental Initiatives of the Organization

(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 issue for management, and whether the green finance issuance policy and process, selection criteria for green project, 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 Asset Management Company established Sustainability Task Force in 2014. Sustainability Task Force is an organization established with the awareness that the management of the Asset Management Company focus more on the sustainability in its management strategy. The Asset Management Company sets top-down objectives by Sustainability Task Force and implements various ESG-related operations through the Corporate Planning Department and the Investments Department.

In particular, ESG Principles of the Group were formulated in order to realize the objective of implementing the efficiency of the supply chain by development logistics facilities in the highest level (best-in-class) that can meet the increasing needs for logistics in a more sustainable manner. The Asset Management Company and the Investment Corporation took the lead in promoting sustainability initiatives as a group-wide ESG policy and ESG-related initiatives.

The GLP Group's ESG Principles consists of 12 items, and the Investment Corporation, together with The Asset Management Company, conducts its businesses in accordance with this ESG Principles.

GLP Group's ESG Principles

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- 1) Upholding ethics and corporate integrity as the cornerstones of how we do business at all levels of our company
 - 2) Embedding material ESG risks and opportunities into decision-making
 - 3) Engaging proactively with stakeholders
 - 4) Attracting and retaining talented, motivated employees is vital to our success
 - 5) Maximizing supply chain efficiency and meeting the needs of domestic consumption-led growth in our core markets
 - 6) Drive performance through evidence
 - 7) Taking the lead in building better communities
 - 8) Creating a culture of entrepreneurial value creation
 - 9) Protecting and enhancing the environment across all of our operations
 - 10) Supporting livelihood opportunities in the communities we work in
 - 11) Promoting Energy Efficiency & Renewables
 - 12) Building sustainably certified new developments
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In the ESG Principles, "2) Embedding material ESG risks and opportunities into decision-making" says the Group is always considering ESG risks and opportunities in investment surveys, due diligence, investment selection, portfolio management and other important decisions. In addition, "9) Protecting and enhancing the environment across all of our operations" specifies pursuing a level that exceeds the required environmental standards when performing business operations. "12) Building sustainably certified new developments" specifies that the Group aims at new development or large-scale renovation meet various types of sustainability certification standards. JCR evaluated that concrete descriptions are made in the ESG Principles.

As part of its efforts, the Investment Corporation has acquired GRESB Real Estate Assessment. The Investment Corporation has acquired various certifications for its acquired logistics facilities, including CASBEE, BELS, and DBJ Green Building Certification, and all of these certifications are published on its website. In the GRESB Real Estate Assessment, the Investment Corporation has been awarded the Green Star for the fifth consecutive years to companies that excel in both "Management and Policy" and "Implementation and Measurement," which are the two evaluation criteria in the sustainability assessment. JCR considers that this is indicative of the high reputation of the company's sustainability initiatives by third parties. JCR also assesses that many of the properties acquired by the Investment Corporation have environmental improvement effects, as more than half of the properties have already acquired environmental certification.

The Asset Management Company has a CASBEE evaluator, and GLP Japan, the sponsor, has specialists such as property engineers and qualified architect of the first class. In addition, for acquiring GRESB and CASBEE, the Investment Corporation consults with outside specialist companies and cooperation with both internal and external specialists.

JCR evaluates management of the Investment Corporation puts environmental problems a high priority and that the departments with expert knowledge are clearly involved in the establishment of green finance policy and processes for selecting green projects.

(Reference) GRESB Real Estate Assessment

GRESB is an acronym for Global Real Estate Sustainability Benchmark. 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. 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. As of 2019, 44 investment corporations have participated in the evaluation from J-REIT.

■ Evaluation Results

Based on the JCR Green Finance Evaluation Methodology, JCR assigns “g1 (F)” for the “Greenness Evaluation (Use of Proceeds)” and “m1 (F)” for the "Management, Operation and Transparency Evaluation." Consequently, JCR assigns “Green 1(F)” for overall "JCR Green Finance Framework Evaluation." The Framework is considered to meet the standards for items required by the Green Bond Principles, Green Loan Principle and the Ministry of the Environment'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: GLP J-REIT (Security code: 3281)

[Assignment]

Subject	Evaluation
Green Finance Framework	Green Finance Framework Evaluation: Green 1 (F) Greenness Evaluation :g1(F) Management, Operation and Transparency Evaluation: m1(F)

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Important Explanation of the Green Finance Framework Evaluation

1. Assumptions, significance, and limitations of JCR Green Finance Framework Evaluation

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 extent of management, operation and transparency initiatives related to the use of funds and other matters. Therefore, it is not intended to evaluate the effects of specific environmental improvements, management and operation systems, and transparency of individual bonds and borrowings, etc. to be implemented based on these policies. In the event that an individual bond or individual borrowing based on this framework is subject to a green finance evaluation, it is necessary to conduct a separate evaluation. In addition, the JCR Green Finance Framework evaluation does not demonstrate the environmental improvement effects of individual bonds or borrows implemented under this framework, and does not assume responsibility for environmental improvement effects. 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. Methodology used to carry out this assessment

The methodologies used in this assessment are described in "JCR Green Finance Evaluation" on the "Sustainable Finance ESG" section of the JCR website (<https://www.jcr.co.jp/en/>).

3. Relationship with Credit Rating Business

The act of granting and providing an evaluation of JCR Green Finance Framework is conducted by JCR as a related business and differs from the act related to the credit rating business.

4. Relationship with Credit Ratings

This evaluation differs from credit ratings and is not intended to provide or guarantee that a predetermined credit rating will be provided or made available for inspection.

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■Status of Registration as an External Evaluator of Green Finance

- Registered as an External Reviewer of Green Bonds by the Ministry of the Environment
- ICMA (registration as an observer with the Institute of International Capital Markets)

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