

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 Assigned Green 1 (F) to the Green Finance Framework of Nomura Real Estate Master Fund, Inc.

Subject : Nomura Real Estate Master 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

Nomura Real Estate Master Fund, Inc. (The "Investment Corporation") is a comprehensive J-REIT sponsored by the Nomura Real Estate Group. In October 2015, the company listed on the Tokyo Stock Exchange (real estate investment trust securities market). Nomura Real Estate Asset Management Co., Ltd. (the "Asset Management Company") is responsible for the asset management business of the Investment Corporation, and Nomura Real Estate Holdings holds a 100% stake in the Asset Management Company. The current portfolio consists of a total of 289 properties, and is the largest in terms of the total asset size and the comprehensive J-REIT portfolio, which is worth JPY1,011.2 billion (based on acquisition prices).

Nomura Real Estate Holdings, Inc. was established in June 2004 with the purpose of establishing a pure holding company structure within the corporate group centered on Nomura Real Estate Development Co., Ltd. Nomura Real Estate Development and other operating companies operate housing, leasing, asset management, brokerage and CRE businesses, and operations and management businesses.

The Asset Management Company recognizes that consideration for the environment, society, and governance is essential for improving medium-to long-term investor value in the real estate investment management business as a whole, and has formulated the Sustainability Policies.

Recognizing that the realization of a sustainable society is essential for the sustainable growth of the Investment Corporation, the Investment Corporation considers that contributing to the solution of social issues through its

business is in line with the basic policies of the Investment Corporation, namely "securing stable earnings over the medium to long term" and "steady growth of assets under management," which contribute to the improvement of investor value. The Investment Corporation has established specific ESG issues (materiality) that are of particular importance to the Investment Corporation and has linked them to specific initiatives.

The subject to be evaluated is the Green Finance Framework established by the Investment Corporation (the "Framework") to limit funds raised through means such as investment corporation bonds or loans to the use of proceeds that have an environmental improvement effect. JCR evaluates whether the Framework complies with 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 not binding as they are voluntarily published by the International Capital Markets Association (ICMA), the Ministry of the Environment, the Loan Market Association (LMA) and the Asia-Pacific Loan Market Association (APLMA) and are not regulations, but JCR evaluates the Framework in reference to these principles and guidelines as currently globally unified standards.¹²³

The Investment Corporation defines Green Eligible Assets to be used as assets that have acquired or are expected to acquire any of 3 stars or more of DBJ Green Building Certification, B+ Rank or higher of CASBEE Real Estate, or 3 stars or more of BELS Certification. JCR evaluates that the "Green Eligible Assets" specified by the Investment Corporation are appropriate as they cover buildings that have an environmental improvement effect.

The Investment Corporation intends to establish ESG issues (materiality), set policies and targets for each issue, and implement green finance. The selection and process of Green Eligible Assets to be used for funding has a mechanism involving departments with specialized environmental knowledge. JCR evaluated the Investment Corporation as having a robust management and operation system and high transparency, since the internal system for addressing environmental problems after identifying and setting targets has been appropriately constructed, and the results of various initiatives have been disclosed in detail on the website of the investment corporation.

As a result, based on JCR Green Finance Evaluation Methodology, JCR assigns "g1 (F)" for "Greenness Evaluation (Use of Proceeds)" and "m1 (F)" for "Management, Operation and Transparency Evaluation." Consequently, JCR assigns "Green1 (F)" for overall "JCR Green Finance Framework Evaluation" to the Framework.

The Framework meets the requirements of the Green Bond Principles, the Ministry of the Environment's Green Bond Guidelines, and the Green Loan Principles.

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

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

Based on the current status described below and JCR's evaluation of the subject, JCR evaluated 100% of the use of proceeds was 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 confirms whether the Green Eligible Assets set out in the Framework are green projects that have clear environmental improvement effects. Next, JCR confirms whether the internal specialized departments or external third-party organizations thoroughly examine the impacts and necessary countermeasures and mitigation measures are taken when negative environmental impacts are anticipated. Finally, JCR confirms consistency with the Sustainable Development Goals (SDGs).

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

<Framework for the Use of Proceeds>

The Investment Corporation allocates the same amount as the total amount of funds procured through Green Finance to funds for the acquisition of Green Eligible Assets (meaning existing or new specific assets that satisfy the "Eligibility Criteria" described below), refinancing funds for the acquisition of Green Eligible Assets (including Green Loans), or funds for the redemption of outstanding Investment Corporation Bonds (including Green Bonds) required for the acquisition of Green Eligible Assets.

[Eligibility Criteria]

Valid green certification (or re-certification) in any of the following a. to c. has been acquired or is scheduled to be acquired within the past 36 months from the payment date or execution date of green finance.

- a. 3 stars, 4 stars, or 5 stars in DBJ Green Building Certification
- b. 3 stars, 4 stars, or 5 stars in BELS Certification
- c. B+, A, or S in CASBEE real estate appraisal Certification

<JCR's Evaluation for the Framework>

a. On the Environmental Improvement Effects of the Projects

i. The Green Eligible Assets included in the Framework are buildings that have acquired or are planning to acquire environmental certification, limited to the top 3 categories of regional, national, or internationally recognized certification levels ("Green Buildings"). Funds for the acquisition and construction of such buildings or refinancing of such buildings are expected to have the effect of improving the environment.

DBJ Green Building certification

A certification system provided by the Development Bank of Japan (DBJ) for evaluating environmentally and socially conscious real estate. The evaluation results are expressed in the number of stars, and the evaluation axis is "buildings that take environmental and social considerations into account." It evaluates 3 major categories: "Ecology (environment)," "Amenity (comfort) & Risk Management (crime prevention and disaster prevention)," and "Community (regional and landscape) & Partnership (stakeholder collaboration)." It is represented by 5 stars each (top-class in Japan), 4 stars (very good), 3 stars (very good), 2 stars (excellent), and 1 star (sufficient). Although this is not an evaluation that specializes in environmental performance, it has a high level of recognition in Japan and a certain level of evaluation items regarding environmental performance. Therefore, JCR evaluates the certification as equivalent to "Green Building with Standards and Certification Recognized in Region, Country, or International" in the Green Project Classification defined in the Green Bond Principles. However, as environmental performance is not limited to certification, JCR considers that it is desirable to confirm the evaluation of environmental performance on a case-by-case basis.

DBJ Green Building certification is based not only on the environmental performance of the subject property, but also on a comprehensive evaluation that includes the comfort of tenants, risk management such as disaster prevention and crime prevention, consideration of the surrounding environment and communities, and collaboration with stakeholders. Scoring is designed by consolidating concrete "excellent initiatives" for the environment and society, and there are many properties that do not reach the scope of evaluation in the real estate market. The appreciation requires that buildings be appropriately considered not only for the environment, but also for all stakeholders related to buildings.

As only 548 properties have acquired certification for 3 stars or more by the end of November 2018 nationwide, the Investment Corporation's Eligibility Criteria are evaluated as being limited to properties with high environmental performance among buildings aiming to acquire certification.

BELS (Building-housing Energy-efficiency Labeling System)

BELS is the Building-housing Energy-efficiency Labeling 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. High evaluation requires excellent energy-saving performance. In BELS, the number of stars is ranked from 1 to 5 according to the BEI (Building Energy Index). 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. 1 star is the existing energy conservation standard, 2 stars is the energy conservation standard, and 3 stars is the guidance standard. For buildings with BELS3 stars or more, which are designated as the Eligibility Criteria by the Investment Corporation, the Investment Corporation considers energy conservation performance that exceeds the guideline (in the case of offices and commercial buildings, the BEI value is 0.8 or less) to be the standard, and the Investment Corporation evaluates that they are effective in improving the environment.

CASBEE (Comprehensive Assessment System for Built Environment Efficiency)

Abbreviation of English-language name for Comprehensive Assessment System for Built Environment Efficiency.

This is a method to evaluate and rate 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-construction and CASBEE-districts, valuation tools include CASBEE-real estate developed with the purpose of clearly showing environmental performance for the real estate market.

Evaluation results are divided into 5 ranks: S (excellent), A (excellent), B+ (good), B-(slightly inferior), and C (inferior). CASBEE-real estate is classified into 4 categories: S (excellent), A (excellent), B+ (good), and B (satisfactory). The performance of buildings in the 4 categories of energy consumption, resource circulation, regional environment, and indoor environment is reconstituted and quantified from the viewpoints of the environmental quality of buildings (Q = Quality) and the environmental load of buildings (L = Load). Evaluation is based on the value of BEE (building eco-efficiency) with L as the denominator and Q as the numerator. In addition to environmental considerations such as energy conservation and the use of materials and equipment with low environmental burden, it is also necessary to give consideration to interior comfort and landscape, and the overall high quality of buildings is required for high evaluation. The buildings that have a BEE of 1.0 or more are subject to B+ or higher, which the Investment Corporation has decided as the Eligibility Criteria, and are subject to quality improvement in relation to the environmental impact. JCR considers that they are effective in improving the environment.

ii. The proceeds are used for green projects as defined in the Green Bond Principles or the Ministry of the Environment's Green Bond Guidelines, including regional, national and internationally recognized standards and certification Green Buildings and Energy Conservation.

According to a survey 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, further promotion of energy-efficient green buildings that reduce carbon dioxide emissions from buildings is important. In the New Strategic Energy Plan approved by the Cabinet in July 2018, new housing and buildings will be required to comply with energy conservation standards in stages by 2020. Therefore, it is consistent with Japan's energy conservation policy that the Investment Corporation actively acquires and constructions buildings with high environmental certification levels.

b. Negative Impact on the Environment

When acquiring real estate, the Asset Management Company conducts a variety of surveys, including confirmation of valuation documents by experts. The results of the survey are reflected in an internal checklist, and it is confirmed that the buildings scheduled to be acquired do not have a negative impact on the environment.

JCR confirmed that appropriate consideration is given to the negative impact on the environment.

c. Consistency with SDGs Goals and Targets

The project is categorized into energy conservation and regional/national or internationally recognized standards and certification green buildings. With reference to ICMA's SDGs mappings, JCR assessed that the project contributions to the following SDGs goals and targets:



Objective 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.



Objective 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.



Target 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.

Evaluation Phase 2: Management, Operation and Transparency Evaluation

Based on JCR's assessment of the current situation described below and the JCR's assessment of the situation, which is described in more detail below, JCR assessed that the management and operation system was well established, that transparency was extremely high, and that the implementation of projects as planned and the appropriation of funds for procurement were sufficiently expected. Evaluation Phase 2: Management and operation framework and transparency assessment were given the highest level of "m1(F)."

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 objectives to be achieved through green finance, the standards for selecting green projects and the appropriateness of the process, and whether a series of processes are appropriately disclosed to investors.

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

a. Goals

Nomura Real Estate Asset Management Co., Ltd., the asset management company of the Investment Corporation, established the Sustainability Policies in December 2015.

Together with the Asset Management Company, the Investment Corporation will implement environmental, social, and governance management in order to improve the value of its investments over the medium to long term.

Sustainability Policies

1. Efforts to save energy and create energy
2. Efforts to save resources and reduce waste
3. Efforts for safety and security as well as improvement of the level of customer satisfaction
4. Efforts to develop in-house systems and educate executives and employees
5. Collaboration with outside stakeholders
6. Information disclosure to investors, etc.

<JCR's Evaluation for the Framework>

The above "Sustainability Policies" is appropriately disclosed on the Investment Corporation's website. The Investment Corporation confirmed that the use of proceeds of the green finance is consistent with "energy conservation and creation efforts" and "resource conservation and waste reduction efforts" among the above policies.

b. Selection Criteria

<Framework for Selection Criteria>

The Eligibility Criteria are formulated by the Sustainability Promotion Committee of Nomura Real Estate Asset Management Co., Ltd., the asset management company of the Investment Corporation (a committee chaired by the manager of the NMF Investment Group), and determined by the Investment Committee.

<JCR's Evaluation for the Framework>

The criteria for selecting the use of proceeds of green finance of the Investment Corporation are as described above in the evaluation of the use of proceeds. JCR evaluates the selection criteria as covering buildings that have an environmental improvement effect.

The Eligibility Criteria are formulated by a council chaired by the general manager of the NMF Management Group, which has expertise in the acquisition of properties and environmental certification of the Investment Corporation. Therefore, JCR considers that the Eligibility Criteria have been established for the Investment Corporation's environmental initiatives with expertise.

c. Processes

<The Framework for the Selection Process>

The NMF Management Group and the Financial Accounting Department evaluate and extract Green Eligible Assets to be used for proceeds procured through green finance based on the Eligibility Criteria, and select them after approval by the Investment Committee or the general manager of the NMF Management Group based on the approval authority rules of the Asset Management Company.

<JCR's Evaluation for the Framework>

The Green Eligible Assets subject to the use of proceeds are extracted by the NMF Management Group with specialized knowledge and determined through the approval of the management team, etc. As a result, JCR considers that the selection process is properly defined.

The setting of objectives for ESG of the Investment Corporation is disclosed on the website of the Investment Corporation, and the criteria and process for selecting green qualified assets in the Green Finance issuance are scheduled to be disclosed in the supplementary documents for issuance registration pertaining to the issuance of investment corporation bonds, etc. and the outline of this evaluation report. Consequently, transparency to investors is ensured.

2. Adequacy and Transparency of Cash Management

(1) JCR's Key Consideration in This Factor

Although it is generally assumed that cash management methods vary widely among issuers, JCR confirms whether funds procured under the framework are securely allocated to green projects and whether mechanisms and internal systems are in place to enable easy tracking and management of the allocation of funds.

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

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

<The Framework for Cash Management>

Among the specified assets held by the Investment Corporation, Green Eligible Assets that satisfy the Eligibility Criteria shall be extracted, and the amount of debt calculated by multiplying the total book value of Green Eligible Assets by the actual value of the interest-bearing debt ratio (as of the latest term-end, which can be calculated on the due date of payment of each Investment Corporation's debt or the date of borrowing) to the total amount of Green Eligible Assets (hereinafter referred to as the "Green Eligible Debt Amount") shall be the maximum balance of Green Finance. The Investment Corporation will manage Green Finance so that its outstanding balance does not exceed its Green Eligible Debt Amount.

We internally track and manage appropriated funds on a portfolio basis as long as there is a balance of Green Finance issues.

Funds procured through Green Finance shall be appropriated promptly in full to funds for the acquisition of Green Eligible Assets, refinancing loans required for the acquisition of Green Eligible Assets, or redemption of outstanding investment corporation bonds required for the acquisition of Green Eligible Assets. If the full amount of funds procured is not allocated to the Green Eligible Assets at an early stage or temporarily, the unallocated funds shall be specified and the same amount shall be managed as cash or cash equivalents until they are allocated to the Green Eligible Assets.

<JCR's Evaluation for the Framework>

The Investment Corporation plans to manage funds procured through Green Finance through a dedicated account for Green Finance. The operation of allocating the procured funds to the use of proceeds is carried out by a trust bank, which is the asset custodian of the Investment Corporation, and the ledgers and other documents related to exchanges are properly stored. The Asset Management Company monitors the custodian's operations once a year and has a mechanism in place to confirm that the administrative processes for payments, including Green Finance, are being properly carried out. In addition, these cash management operations are subject to external audits, and a system of external checks is in place.

During the period until Green Finance is redeemed/repaid, the Investment Corporation will manage the balance of Green Finance through portfolio management. If a property originally used for green financing is excluded from the scope of funding due to sell, etc., the Investment Corporation will confirm the greenness of the Green Finance by confirming that the issuance balance of Green Finance is less than the Green Eligible Debt Amount.

From the above, JCR evaluates the appropriateness and transparency of the Investment Corporation's cash management to be high.

3. Reporting

(1) JCR's Key Consideration in This Factor

In this section JCR assesses whether a detailed and effective system for disclosing information to investors before and after the implementation of Green Finance, which will be implemented with reference to this framework, has been planned.

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

<The Framework for Reporting>

a. Reporting on the Appropriation of Funds

If the entire amount of funds procured through Green Finance is not allocated to Green Eligible Assets at an early stage or temporarily, a report showing the appropriateness of the procured funds will be published on the Investment Corporation's website until the entire amount of funds procured is allocated.

In addition, as long as the balance of Green Finance remains, the Investment Corporation will publish the following indicators on its website as of the end of February of each year:

- Total carrying amount of Green Eligible Assets
- Green Eligible Liability Amount
- Balance of Green Finance

b. Reporting on Environmental Improvement Effects

As long as the balance of Green Finance remains, the Investment Corporation will publish the following indicators on its website as of the end of February of each year:

- Number of Green Eligible Assets
- Level of green certification acquired
- Green Gas Emissions, Energy Consumption, and Water Consumption of Green-Qualified Assets (for assets or parts of which the Investment Corporation has the control authority)

<JCR's Evaluation for the Framework>

a. Reporting on the Appropriation of Funds

The Investment Corporation intends to implement Green Finance on the assumption that funds will be appropriated from issuance/disbursement to use of proceeds promptly. In addition, the book value of Green Eligible Assets, Green Eligible Liability Amount and Green Finance balances, which are prerequisites for portfolio management, are also disclosed on an annual basis. JCR considers that the disclosure content is appropriate for the operation.

b. Reporting on Environmental Improvement Effects

The Investment Corporation plans to disclose on its website the greenhouse gas (GHG) emissions, energy consumption, and water consumption of Green Eligible Assets, in addition to the number of Green Eligible Assets and the evaluation of each certification acquired. JCR evaluated that Items disclosed and the frequency of disclosure are appropriate based on the ICMA's Green Building Impact Reporting Standards.

4. Organization's Environmental Initiatives

(1) JCR's Key Consideration in This Factor

In this section JCR assesses whether the issuer's management considers environmental issues to be of high priority to management, and whether green finance procurement policies and processes and criteria for selecting green projects are clearly positioned through the establishment of a department that specializes in environmental fields or collaboration with external organizations.

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

The Asset Management Company recognizes that consideration for the environment, society, and governance is essential for improving medium-to long-term investor value in the real estate investment management business as a whole, and has formulated the Sustainability Policies.

In addition, the Investment Corporation, recognizing that the realization of a sustainable society is indispensable to the sustainable growth of the Investment Corporation, has established ESG issues (materiality) that are of particular importance to the Investment Corporation.

In addition to concrete numerical standards, the progress of each year is announced. One of the environment-related materiality targets is the greening of the investment portfolio, and the Investment Corporation is aiming to increase the percentage of properties owned that have acquired Green Certification to 67.3% (based on total floor area) by FY2030. As of August 1, 2019, the total floor area of properties that have acquired DBJ Green Building Certification, CASBEE or BELS Certification reached 67.3% of the total, and the total floor area is steadily increasing through acquiring properties that are expected to acquire certification. These initiatives related to the sustainability of the Investment Corporation lead to the solution of social issues and are consistent with the basic philosophy of the Investment Corporation, namely "securing stable earnings over the medium to long term" and "steady growth of investment assets".

Environmental Certification

	Number of Properties	Floor Area (㎡)	Certified Ratio
Green Certifications	85	1,494,413.83	67.3%
DBJ Green Building Certification	76	1,357,143.30	61.1%
BELS Certification	19	419,436.03	18.9%

(※1) Total number of properties with environmental certification includes Musashiurawa Shopping Square which has received CASBEE for Real Estate Certifications.

(※2) Acquisition status as of Jun. 28, 2019.

(※3) Calculated based on properties in the fund excluding land.

(※4) Calculated based on the floor area multiplied by the fund share of the property or on the floor area of exclusively owned space.

(Source: The Investment Corporation's website)

The Asset Management Company focuses on environmental initiatives as an asset management company of the Investment Corporation and as an asset management company of the Nomura Real Estate Group. In the management of the fund, it aims to build a portfolio with low environmental impact through the replacement and management of properties. Property replacement is aimed at maintaining a high-quality portfolio of properties by acquiring properties with low environmental impact developed mainly by Nomura Real Estate Development, a sponsor, and selling properties with relatively high environmental impact. The Asset Management Company is

also working to reduce its environmental burden from an operational point of view by upgrading facilities with low environmental burden and installing solar power generation facilities.

As a framework for promoting sustainability, the Asset Management Company holds a Sustainability Promotion Conference at least once a quarter, with the general manager of the NMF Management Group as the Sustainability Promotion Officer. The Sustainability Promotion Conference formulates targets and measures and verifies the implementation status. The Investment Corporation contributes to the accuracy and innovativeness of the activities of the Investment Corporation by utilizing the knowledge of external experts in its ESG initiatives and materiality.

In December 2017, under the Principles for Responsible Investment (PRI) and the United Nations Environmental Programme and Financial Initiative (UNEP FI), the Asset Management Company became Japan's first signatory to an asset manager affiliated with a real estate company. Through its participations in international conferences in UNEP FI, it actively incorporates cutting-edge information into its business activities and continuously implements advanced initiatives that can contribute to the realization of a sustainable society.

In 2018, the Investment Corporation acquired Green Star for 3 consecutive years in the GRESB Real Estate Assessment, based on the evaluation of sustainability activities including those described above and environmental impact activities on real estate held by the Investment Corporation. In addition, it ranked highest "5 Star" for the second consecutive year for the GRESB rating, which is evaluated on a 5-point scale based on the ranking of overall scores. As a result, the Investment Corporation ranked first in the world in the "listed and comprehensive sector" and was selected as a global sector leader, and its advanced initiatives have been highly evaluated both in Japan and overseas. GRESB is categorized into 2 axes: "management and policy" and "implementation and measurement." The main focus of the assessment is the management and operation of existing portfolios. It is required to consider not only the "environment" but also the "society" and the "governance" of existing portfolios, and it is thought that the Investment Corporation's detailed efforts for all ESG-related elements have been evaluated.

Based on the above, JCR considers environmental issues to be a priority management issue, and evaluates that the Investment Corporation is making concrete and steady efforts to address environmental issues by utilizing its concrete targets and solid network.

■ 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 Bond Guidelines, and the Green Loan Principles.

[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: Nomura Real Estate Master Fund, Inc. (Security Code: 3462)

[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)

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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.

5. Third-Party Evaluation of JCR Green Finance Framework Evaluation

There are no capital relationships or personnel relationships that could cause conflicts of interest between the subject party and JCR.

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■ Glossary

JCR Green Finance Framework Evaluation: The extent to which the funds procured through green finance are appropriated for green projects as defined by JCR, and the degree to which the management, operation, and transparency of the green finance are managed. Evaluations are performed on a 5-point scale, from the top to the top using the Green1 (F), Green2 (F), Green3 (F), Green4 (F), and Green5 (F) symbols.

■ 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)

■ Other status of registration as a credit rating agency, etc.

- Credit Rating Agency Commissioner (Rating) No. 1
- EU Certified Credit Rating Agency
- NRSRO: JCR is registered in the following 4 classes of 5 credit rating classes (as defined by the NRSRO (Nationally Recognized Statistical Rating Organization of the U.S. Securities and Exchange Commission): (1) Financial institutions, broker-dealers, (2) insurance companies, (3) general business corporations, and (4)



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