

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

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

## JCR Assigns Green 1 (F) to the Green Finance Framework of CRE Logistics REIT, Inc.

Subject : CRE Logistics REIT, 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

CRE Logistics REIT, Inc. (the “Investment Corporation”) is a J-REIT that was listed on the Tokyo Stock Exchange (Real Estate Investment Trust Securities Market) in February 2018. The sponsor (100% stake) of CRE REIT Advisors, Inc. (the “Asset Management Company”) is CRE, Inc., a real estate agency specializing in logistics real estate in Japan. The Investment Corporation invests in logistics-related facilities and utilizes the collective strengths of the CRE Group to acquire high-quality logistics-related facilities that satisfy tenant needs. As of the end of May 2020, it had 13 assets and a total acquisition price of JPY 73.6 billion. In accordance with the CSR Policy of CRE, the Investment Corporation promotes initiatives that contribute to the resolution of environmental problems. In particular, it considers that acquiring environmentally friendly logistics facilities which leads to sustainable growth in society, and has built a portfolio of high-quality properties, centered on the logistics facilities developed by CRE with high environmental performance.

The scope of evaluation is the Green Finance Framework (the “Framework”), which was established to limit funds procured by green bonds and green loans (the “green finance”) to the use of proceeds that have an environmental improvement effect. JCR evaluates whether the Framework complies with the Green Bond Principles (2018), Green Loan Principles (2018), Green Bond Guidelines (2020) and Green Loan Guidelines and Sustainability Linked Loan Guidelines (2020). These Principles and Guidelines are not binding in nature because they are principles or guidelines voluntarily published by the International Capital Markets Association (ICMA), the Loan Market Association (LMA), the Asia-Pacific Loan Market Association (APLMA) and the Ministry of the Environment,

respectively. However, JCR evaluates the Framework with reference to those principles and guidelines as the basis of globally unified standards.<sup>123</sup>

The Investment Corporation stipulates the eligible criteria subject to the use of proceeds in the Framework shall be properties that have acquired, renewed, or are to be acquired or renewed 4 stars or more in DBJ Green Building certification, A or higher in CASBEE for New Construction, or 4 stars or more in BELS certification. JCR evaluates that the eligibility criteria specified by the Investment Corporation are for properties that have a high environmental improvement effect.

The Asset Management Company has a system in which the Sustainability Promotion Committee, chaired by the President and Representative Director, participates in the process of selecting projects and implementing the Investment Corporation's green finance supported by the departments with expertise. JCR confirmed the strong operation and management structure and high transparency of the Investment Corporation, since environmental initiatives are promoted by incorporating the opinions of external experts and appropriate information disclosure is planned in the implementation of green finance.

As a result, based on the JCR Green Finance Evaluation Methodology, JCR assigns "g1 (F)" for the "Greenness Evaluation (Use of Proceeds)" and "m1 (F)" for "Management, Operation and Transparency Evaluation." Consequently, JCR assigns "Green 1(F)" for overall "JCR Green Finance Framework Evaluation." The evaluation results are described in detail in the next chapter.

The Framework meets the standards for the requirements of the Green Bond Principles, Green Loan Principles, Green Bond Guidelines and Green Loan and Sustainability Linked Loan Guidelines.

---

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

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

3 Ministry of the Environment Green Bond Guidelines, Green Loan, and Sustainability Link Loan Guidelines  
<https://www.env.go.jp/press/files/jp/113511.pdf>

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

### 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 green projects

### (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's Evaluation

#### a. On the environmental improvement effects of the project

<Framework for the Use of Proceeds>

[Eligibility Criteria]

Properties certified or renewed by a third party certification organization as shown in 1-3 below, or to be acquired or renewed in the future

1. 5 Stars or 4 Stars in DBJ Green Building Certification
2. S-Rank or A-Rank for CASBEE Construction (New Buildings)
3. 5 Stars or 4 Stars in BELS Certification

<JCR's Evaluation of the Framework>

**i. Funds are used to acquire or refinance to acquire buildings (Green Buildings) that have already acquired or are scheduled to acquire environmental certification for the top 2 categories of regional, national, or internationally recognized certification levels, and are expected to have a high environmental improvement effect.**

#### 1. Overview of Environmental Certification

##### (1) DBJ Green Building Certification

A certification system provided by DBJ (Development Bank of Japan) that evaluates properties with environmental and social considerations. The evaluation results are expressed as the number of stars, and the evaluation axis is "Buildings with consideration for the environment and society." 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 this is not an evaluation specializing in environmental performance, the recognition in Japan is high, evaluation items are revised in February 2019, such as the tightening of items for quantitatively evaluating energy conservation, and environmental performance has the same evaluation items as other environmental certifications. Therefore, JCR has evaluated this certification as equivalent to "Green Buildings with Recognized Standards and Certifications" in the Green

Project Classification as defined in the Green Bond Principles. However, since the certification is not limited to environmental performance, JCR believes that it is desirable to confirm the evaluation of environmental performance individually.

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

The level of DBJ Green Building certification is expected to be approximately 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 DHR's eligible criteria are limited to properties with high environmental performance among the buildings that aim to acquire certification.<sup>4</sup>

## (2) CASBEE (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 New Construction 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 ratings for CASBEE for New Construction are divided into five stages: S rank (excellent), A rank (very good), B+ rank (good), B-rank (slightly inferior), and C rank (inferior). The evaluation method is a reconfiguration and quantification of the performance in the four fields of energy consumption, resource recycling, regional environment, and indoor environment in buildings from the viewpoints of environmental quality of buildings (Q = Quality) and environmental burden 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. High evaluation requires Comprehensive high quality of building such as energy efficiency and the use of materials and equipment with low environmental impact, in addition to give consideration to indoor comfort and landscape.

Evaluation methods are as follows: (1) Consistency of weighting of major global evaluation tools; (2) Added point method; (3) 5 essential items and 16 added points, with a score of 100 at the time of full score; and (4) Not eligible for evaluation unless mandatory items are met.

A rank or higher, which the Investment Corporation has recently set as Eligible Criteria, are subject to buildings with BEE = 1.5 or higher and it indicates that the criteria are high as the environmental burden is less than the environmental quality. Therefore JCR evaluates that properties with high environmental effects are subject to the Eligible Criteria.

---

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

### (3) BELS Certification

BELS is English acronym for Building-housing Energy-efficiency Labeling System. BELS is a building energy efficiency performance indicator system under which third-party assessment bodies evaluate and accredit the energy efficiency performance of new and existing buildings. The outer skin performance (performance standards and specification standards) and primary energy consumption (performance standards and specification standards) are subject to evaluation, and the evaluation results are expressed in stars according to the achievement values of the energy efficiency standards. High evaluation requires excellent energy-efficiency performance. In BELS, the number of stars is ranked from one to five by Building Energy Index. BEI is a measure of energy efficiency performance that uses the designed primary energy consumption as the molecular weight and the standard primary energy consumption as the denominator, and is compared with the standard value. One star is the existing energy saving standard, two stars are the current energy saving standard, and three stars are the guidance standard. Buildings with BELS four star or more specified by the Investment Corporation as Eligible Criteria are considered appropriate based on energy efficiency performance (Non-Residential: BEI value of 0.7 or less) that exceeds the guidance standard.

## 2. JCR's evaluation of the Framework

CRE, the sponsor of the Asset Management Company, is developing logistics facilities on the assumption that it will acquire 5 star in BELS Certification. In addition, in order to obtain high certifications, efforts are being made in consideration of the environment, such as the introduction of LED lights, installation of solar panels, and use of well water, in the facilities. The Investment Corporation has the right to preferentially negotiate logistics facilities developed by CRE. It is easy to acquire highly certified logistics facilities that are environmentally friendly, and based on the belief that promoting the acquisition of environmentally friendly properties contributes to the sustainable growth of the Investment Corporation and societies, the Investment Corporation sets properties with the top 2 ranks of DBJ Green Building Certification, CASBEE Construction (New Building), and BELS Certification as Eligible Criteria for the use of proceeds.

Based on the above, JCR evaluates that Eligible Criteria subject to the use of proceeds in the Framework are those properties with high environmental improvement effects.

### **ii. Projects subject to the use of proceeds fall under "Green Building Projects with Regional, National, or International Recognized Standards and Certification" and "Energy Conservation" in the Green Bond Principles and the Green Loan Principles, "Green Building Projects" and "Energy Conservation Projects" in the Green Bond Guidelines and Green Loan and Sustainability Link Loan Guidelines.<sup>5</sup>**

According to a survey conducted by the World Green Building Council, carbon dioxide emissions from buildings account for 39% of total emissions. As a measure to prevent global warming in Japan, it is important to further promote green buildings with high energy efficiency performance that reduce CO<sub>2</sub> emissions from buildings. In addition, the New Strategic Energy Plan decided by the Cabinet of Japan in July 2018 stipulates that new housing and buildings is obligated to comply with the Energy Efficiency Standards in stages by 2020. Therefore, it is consistent with Japan's energy efficiency policy that DHR actively acquire and its maintenance and management with high environmental certification levels.

<sup>5</sup> A project to acquire environmental certification that conforms to domestic standards or demonstrates superior performance under environmental certification systems such as CASBEE certification and LEED certification, and to construct or renovate green buildings that are compliant not only with energy-saving performance but also with a wide range of considerations such as water consumption and waste management.

## b. Negative impact on the environment

The Asset Management Company conducts due diligence on predetermined items at the time of acquisition, and confirms the negative impact on the environment. In addition, when there is a negative impact on the environment, the basic policy is to conduct property acquisitions after the impact has been corrected. Through the implementation of these due diligence measures and countermeasures against risks, the Investment Corporation avoids and mitigates the negative impact on the environment of green projects that are subject to the use of funds.

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

## c. Consistency with SDGs goals and Targets

These projects are green projects defined in the Green Bond Principles and the Green Loan Principles, classified as "Energy Efficiency" and "Green Buildings Which Meet Regional, National or Internationally Recognized Standards or Certifications." They are also in the Ministry of the Environment's Green Bond Guidelines and Green Loan Guidelines and Sustainability Linked Loan Guidelines, classified as "Energy Efficiency Projects" and "Green Buildings Projects." While referring to ICMA's SDGs mapping, JCR evaluated the projects as contributing to the following SDGs goals and targets.



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

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



### Goal 9: Build resilient infrastructure, promote 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 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, Operations and Transparency Evaluation

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

### 1. Appropriateness and Transparency Concerning Selection Standard and Processes of the Use of Proceeds

#### (1) JCR's Key Consideration in This Factor

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

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

##### a. Goals

<The Framework for Goals>

The CRE Group has a management philosophy of Ei - Toku - Kan (Eternal - Virtue - Cycle).

1. "Ei (Eternal)" which expresses our stance of making a lasting contribution to the development of society
2. "Toku (Virtue)" of acting in consideration of the interests of others and society
3. "Kan (Circle)" aiming to create a recycling-oriented future society by valuing connections with society

In order to realize this goal, we are committed to acquiring BELS Certification at the development stage of logistics facilities in order to ensure environmental friendliness. For these developments, we are developing environmentally friendly products, including the installation of solar panels, the introduction of LED lights, and the use of environmentally friendly exterior wall panels. It also contributes to local communities by creating jobs through the development of logistics facilities.

The Investment Corporation considers that the acquisition of environmentally friendly logistics facilities will lead to sustainable growth in society. The Investment Corporation intends to acquire properties that meet Eligible Criteria as a majority of its portfolio (based on the amount acquired). In addition, we will actively consider the introduction of additional facilities that will contribute to environmental improvement, as well as the acquisition of environmentally friendly logistics properties.

<JCR's Evaluation of the Framework>

The Investment Corporation intends to use the funds procured through green finance for the acquisition of logistics properties that have been granted environmental certification at a certain level. This will enable the Investment Corporation to promote initiatives that contribute to the sustainable growth of the Investment Corporation and society.

Therefore, JCR evaluates that the implementation of green finance based on the Framework is consistent with the goals of the Investment Corporation.

## b. Selection Criteria

The standards for the selection of "Eligible Criteria" of the Investment Corporation under the Framework are properties that have acquired or renewed or are scheduled to acquire 4 stars or more in DBJ Green Building Certification, A Rank or higher in CASBEE Construction (New Buildings), and 4 stars or more in BELS Certification. As stated above in Evaluation Phase 1, JCR evaluates projects with high environmental improvement effects for the above selection criteria.

## c. Processes

<The Framework for Selection process>

### 1. Project Selection Participants

Projects subject to the use of the proceeds are evaluated and selected after compliance with eligible criteria is examined by the person in charge of the Planning Department of the Asset Management Company and discussions are held with the Investment Management Department, which is in charge of property acquisition.

### 2. Project selection process

Fund procurement through green finance is proposed by the person in charge of the Planning Department of the Asset Management Company, and approved by the President and Representative Director after approval by the Investment Committee, by resolution of the Board of directors of Directors, and by resolution of the Investment Corporation Board.

<JCR's Evaluation of the Framework>

Projects subject to green finance and the implementation of green finance are determined with appropriate involvement of management. Properties subject to use of the proceeds are to be selected after consultation with the investment operation department, which is a specialized department, and are scheduled to be reported to the Sustainability Promotion Conference. The Sustainability Promotion Committee, chaired by the President and Representative Director of the Asset Management Company, considers and reports on the Investment Corporation's sustainability initiatives. The committee is structured to ensure the appropriate involvement of specialized departments within the Investment Corporation. Accordingly, JCR evaluated that the selecting process is appropriate.

The goals, selection criteria, and process set out in the Framework are described in this evaluation report and will be disclosed in the press releases by the Investment Corporation at the time of execution of green finance, in addition to green bond procurement in the form of revised issue registration documents and shelf registration supplementary documents. Therefore, JCR evaluates that transparency to investors is ensured.



## 2. Appropriateness and Transparency of Fund 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 Fund Management>

#### **Fund procurement appropriation plan**

After the issuance proceeds are deposited into the Investment Company's account, at the timing of refinancing such as bond or loans procured for the acquisition of the green building, the Manager of the Planning Division of the Asset Management Company requests the Investment Corporation's custodian to remit the funds for redemption and repayment on behalf of the Investment Corporation's Asset Management Company.

Requests for remittances require prior approval of the Director of the Planning Department.

#### **Management method of unallocated funds**

Until the appropriation is determined, the funds will be managed in cash or cash equivalents.

Even after the full appropriation, if assets subject to the use of proceeds are excluded from the scope of the use of proceeds due to the sale or impairment until green finance executed under the Framework is redeemed or repaid, temporarily unallocated funds will be managed by the portfolio management.

<JCR's Evaluation of the Framework>

Fund management related to green finance is scheduled to be carried out by the Planning Manager of the Asset Management Company using a dedicated management sheet. Tracking management is regularly reviewed by the Director of the Planning Department and is scheduled to be reported at the Sustainability Promotion Committee, and sufficient internal control is ensured.

Funds procured through green finance are fully linked to individual projects. On the other hand, portfolio management (a management method to ensure that the total amount of green finance balances does not exceed the maximum amount of Green Debt (total amount of assets meeting eligible criteria (acquisition amount) times total assets LTV) is applied as the management of balances and unallocated funds until green finance is redeemed or repaid.

Funds procured through green finance are immediately allocated for use of proceeds. Portfolio management is also used during the life of green finance. Therefore, under the Framework, there will be no unallocated funds.

Based on the above, JCR evaluates the validity and transparency of the Investment Corporation's fund 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 framework, has been planned.

#### (2) Current Status of Evaluation Targets and Evaluation of JCR

<Framework for Reporting>

##### 1. Reporting on the funds appropriation

The following information is scheduled to be disclosed annually on our website.

- Appropriation plan if unallocated funds exist at the time of issuance of green bonds or borrowing of green loans
- (When assets subject to the use of proceeds are sold before redemption and repayment date) The balance of green finance balance and the maximum amount of Green Eligible Liabilities managed by the portfolio management.
- When the property to be appropriated is sold, the fact that it was subject to green financing is disclosed in a press release.

In addition, we plan to disclose any major changes on our website.

##### 2. Reporting on the environmental improvements effects

The following items are disclosed on our website once a year.

- Type, rank, and total floor area of environmentally certified assets subject to green buildings
- Specific consumption in eligible criteria properties  
(As the Investment Corporation, only to the extent that the figures can be ascertained, on a portfolio basis)  
Water consumption  
Electricity consumption  
CO<sub>2</sub> emissions (or reductions)

<JCR's Evaluation of the Framework>

##### a. Reporting on the proceeds allocation

The funds procured through green finance will be available on the Investment Corporation's website, and if the Investment Corporation plans to issue green bonds, the information will also be disclosed in legal documents such as revised issue registration documents and issue registration supplementary documents. It is also assumed that in the event that the property subject to the use of proceeds ceases to be subject to the use of proceeds due to a sale or other reason, the Investment Corporation will also disclose the fact in its press release.

##### b. Reporting on environmental improvement effects

In accordance with the Framework, the Investment Corporation will disclose the types and ranks of environmental certifications and the total floor area of the assets subject to Green Building, as well as water consumption, electricity consumption, and CO<sub>2</sub> emissions (or reductions) as a reporting of environmental improvements.

JCR evaluates the reporting system of both the state of fund appropriation and the effect of environmental improvement to investors of the Investment Corporation as appropriate.

## 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 CRE Group, which is the sponsor of the Asset Management Company, has a management philosophy of " Ei - Toku - Kan (Eternal - Virtue – Cycle.)"

1. "Ei (Eternal)" which expresses our stance of making a lasting contribution to the development of society
2. "Toku (Virtue)" of acting in consideration of the interests of others and society
3. "Kan (Circle)" aiming to create a recycling-oriented future society by valuing connections with society

The group promotes activities related to CSR with the aim of realizing "Ei - Toku - Kan." The Investment Corporation promotes initiatives that contribute to solving environmental problems in accordance with the management philosophy of the CRE Group. The CRE Group aims to acquire 5 star in BELS Certification for properties it develops. The group intends to develop logistics facilities with extremely low environmental impact by adopting facilities with high environmental performance and introducing solar panels. The Investment Corporation has priority negotiating rights over properties CRE develops and aims to contribute not only to environmental issues but also to social activities such as regional employment by acquiring and operating excellent properties from sponsors. Currently, there are 9 properties of 13 properties of the Investment Corporation, that satisfy the Eligible Criteria and the portfolio is of extremely high environmental quality.

The Asset Management Company has established a Sustainability Promotion Committee to promote environmental and other sustainability initiatives. The Sustainability Promotion Committee is chaired by the President and Representative Director, and is comprised of all management team members. It serves as a forum for examining and reporting on sustainability initiatives. It is expected that in the future, the Investment Corporation will systematically advance its sustainability-related initiatives, such as the formulation of a sustainability policy. In addition, the Investment Corporation has been highly evaluated by outside experts for its initiatives, and is promoting its initiatives for sustainability with objectivity.

JCR evaluates that the Investment Corporation's management has positioned environmental issues as a high priority issue and that the Investment Corporation has developed an appropriate system for addressing environmental issues by utilizing the know-how of external experts with expert knowledge.

## ■ Evaluation Result

As a result, based on the JCR Green Finance Evaluation Methodology, JCR assigns "g1 (F)" for the "Greenness Evaluation (Use of Proceeds)" and "m1 (F)" for "Management, Operation and Transparency Evaluation." Consequently, JCR assigns "Green1 (F)" for overall "JCR Green Finance Framework Evaluation." The Framework is considered to meet the standards for items required by the Green Bond Principles, Green Loan Principles, the Green Bond Guidelines 2020 Edition, and the Green Loan Guidelines and the Sustainability Linked Loan Guidelines 2020 Edition.

**[JCR Green Finance Framework Evaluation Matrix]**

		Management, Operation and Transparency Evaluation				
		m1(F)	m2(F)	m3(F)	m4(F)	m5(F)
Greenness Evaluation	g1(F)	Green 1(F)	Green 2(F)	Green 3(F)	Green 4(F)	Green 5(F)
	g2(F)	Green 2(F)	Green 2(F)	Green 3(F)	Green 4(F)	Green 5(F)
	g3(F)	Green 3(F)	Green 3(F)	Green 4(F)	Green 5(F)	Not qualified
	g4(F)	Green 4(F)	Green 4(F)	Green 5(F)	Not qualified	Not qualified
	g5(F)	Green 5(F)	Green 5(F)	Not qualified	Not qualified	Not qualified

## ■ Subject

Issuer/Borrower: CRE Logistics REIT, Inc. (Security code: 3487)

### [Assignment]

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

(Responsible analysts for this evaluation): Rieko Kikuchi and Kosuke Kajiwara

---

## Important explanation regarding the evaluation of the Green Finance Framework

---

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

JCR Green Finance Framework evaluation, which is granted and provided by Japan Credit Rating Agency, Ltd. (JCR), covers the policies set out in the Green Finance Framework, and expresses the overall opinion of JCR at this time regarding the appropriateness of the Green Project as defined by JCR and the degree of management, operation and transparency initiatives related to the use of funds and other matters. Accordingly, it does not undertake specific environmental improvement effects, management and operation systems, and transparency assessments of the use of funds for individual bonds and borrows implemented in accordance with this policy. In the event that green finance assessments are granted for individual bonds or individual borrowings based on this framework, such assessments need to be conducted separately. Furthermore, the JCR Green Finance Framework Assessment does not demonstrate the improvement effect on the environment of individual bonds or borrows implemented under this Framework and does not assume any responsibility for the environmental improvement effect. In principle, JCR does not directly measure the environmental improvement effects of funds procured under the Green Finance Framework, although JCR confirms the quantitative and qualitative measures by the issuer or a third party requested by the issuer.

### 2. Methods used in the conduct of this evaluation

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

### 3. Relationship with Acts Related to Credit Rating Business

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

### 4. Relationship with Credit Ratings

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

### 5. Independence in JCR Green Finance Framework Assessment

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

---

#### ■Disclaimers

The information contained in this document has been obtained by JCR from the Issuer and from accurate and reliable sources. Provided, however, that such information may be erroneous due to human, mechanical or other reasons. Accordingly, JCR makes no representation or warranty, express or implied, as to the accuracy, results, accuracy, timeliness, completeness, marketability, or fitness for a particular purpose of such information, and JCR assumes no responsibility for any error, omission, or result of using such information. In no event shall JCR be liable for any special, indirect, incidental or consequential damages of any kind, including opportunity loss, monetary loss, which may arise from any use of such information, whether contractual, tort, negligence or other cause of liability, and whether or not such damages are foreseeable or unforeseeable. The JCR Green Finance Assessment does not express any opinion on various risks (credit risk, price fluctuation risk, market liquidity risk, price fluctuation risk, etc.) related to green finance, which is subject to the assessment. Furthermore, the JCR Green Finance Evaluation represents JCR's comprehensive opinion as of the date of this report and is not a representation of the facts. It does not constitute a recommendation in any way as to the decision of risk or the purchase, sale or holding of individual bonds, commercial paper, etc. The JCR Green Finance Assessment may be changed, interrupted, or withdrawn due to changes in information, a lack of information, or other reasons. All rights to this document, including data from JCR Green Finance Assessment, are reserved by JCR. Any reproduction, translation, modification, etc. without the permission of JCR is prohibited, regardless of the part or all of this document, including data from JCR Green Finance Assessment.

#### ■Glossary

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

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

- Credit Rating Agency: the Commissioner of the Financial Services Agency (Rating) No.1
- EU Certified Credit Rating Agency
- NRSRO: JCR has registered with the following four of the five credit rating classes of the Securities and Exchange Commission's NRSRO (Nationally Recognized Statistical Rating Organization). (1) Financial institutions, broker dealers, (2) insurance companies, (3) general business corporations, and (4) government and local governments. If the disclosure is subject to Section 17 g-7(a) of the Securities and Exchange Commission Rule, such disclosure is attached to the news releases posted on the JCR website (<https://www.jcr.co.jp/en/>).

#### ■ For further information, contact

Information Service Dept. TEL: 03-3544-7013 FAX: 03-3544-7026

#### Japan Credit Rating Agency, Ltd.

Jiji Press Building, 5-15-8 Ginza, Chuo-ku, Tokyo 104-0061, Japan  
Tel. +81 3 3544 7013, Fax. +81 3 3544 7026

Copyright © Japan Credit Rating Agency, Ltd. All rights reserved.