

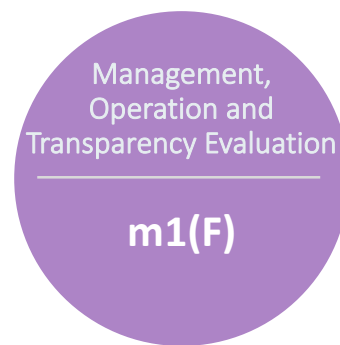
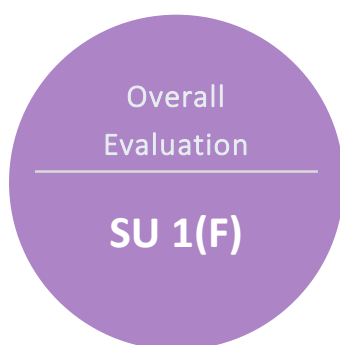


Japan Credit Rating Agency, Ltd. (JCR) announces the review results of the Sustainability Finance Framework Evaluation as follows:

KDX Realty Investment Corporation

Sustainability Finance Framework

Affirmation



Issuer/Borrower	KDX Realty Investment Corporation (security code: 8972)
Subject	Sustainability Finance Framework

Evaluation Overview

KDX Realty Investment Corporation (hereinafter referred to as "KDXR") is a J-REIT that was established on May 6, 2005 and listed on the Real Estate Investment Trust Market of the Tokyo Stock Exchange on July 21, 2005. The corporate name was changed to KDXR on November 1, 2023 due to a merger through which Kenedix Office Investment Corporation (hereinafter referred to as "KDO") being the surviving corporation, and Kenedix Residential Next Investment Corporation (hereinafter referred to as "KDR") and Kenedix Retail REIT Corporation (hereinafter referred to as "KRR") being the dissolving corporation. KDXR has 355 properties as its assets with a total acquisition price of 1,204.5 billion yen as of April 1, 2025, making it one of the largest J-REITs. KDXR's asset management company is Kenedix Real Estate Fund Management, Inc. (hereinafter referred to as "the Asset Management Company") and its shareholder is Kenedix, Inc., a real estate asset management company (its investment ratio: 100 percent). KDXR has become a diversified REIT through the merger, and its portfolio includes 35.1 percent of office buildings, 26.9 percent of residential properties, 23.3 percent

of retail facilities, 3.2 percent of logistics facilities, 4.0 percent of hotels and 7.4 percent of healthcare facilities, all of which are based on acquisition prices, making it a diversified portfolio from an asset type perspective.

KDXR has acknowledged the importance of Environmental, Social and Governance (hereinafter referred to as "ESG") consideration in real estate management and identified the enhancement of sustainability as one of the material topics for its business to realize a sustainable society as a corporate responsibility, and KDXR is committed to reducing its environmental impact through collaboration and cooperation with its stakeholders. KDXR, as one of the largest REITs in Japan, is strongly aware of its social responsibility and aims to be a leading company in sustainability initiatives by integrating and elevating respective expertise of the three REITs prior to their mergers.

In this evaluation, JCR explores the sustainability finance framework (hereinafter referred to as the "Framework") which KDXR formulated for the purpose of limiting the use of proceeds raised through bonds or loans to projects with social and environmental benefits. JCR evaluates whether it has been aligned with the Green Bond Principles (2021)¹, the Social Bond Principles (2023)², the Sustainability Bond Guidelines (2021)³, the Green Loan Principles (2025)⁴, the Social Loan Principles (2025)⁵, the Green Bond Guidelines (2024)⁶, the Green Loan Guidelines (2024)⁷ and the Social Bond Guidelines (2021)⁸. These are principles and guidelines and are not regulations, which are not legally binding. JCR will however make evaluation with reference to these principles and guidelines as standards unified domestically and globally.

This review comes after KDXR updated the Framework. In this update, KDXR added CASBEE for building and the municipal version of CASBEE to green building certifications required under the Framework. The added certifications require buildings to offer environmental benefits enough to be rated at a required level and come with the validity dates of the required certifications. JCR considers that the Framework remains environmentally beneficial.

JCR has verified that the financing process and the management of proceeds are appropriate and transparent as in the previous evaluation and that the contents of the finance reporting to be disclosed are also appropriate.

¹ International Capital Market Association ("ICMA") *Green Bond Principles (2021)*
<https://www.icmagroup.org/assets/documents/Sustainable-finance/2022-updates/Green-Bond-Principles-June-2022-060623.pdf>

² ICMA *Social Bond Principles (2023)*
<https://www.icmagroup.org/assets/documents/Sustainable-finance/2023-updates/Social-Bond-Principles-SBP-June-2023-220623.pdf>

³ ICMA *Sustainability Bond Guidelines (2021)*
<https://www.icmagroup.org/assets/documents/Sustainable-finance/2021-updates/Sustainability-Bond-Guidelines-June-2021-140621.pdf>

⁴ LMA, APLMA, and LSTA *Green Loan Principles (2025)*
<https://www.lsta.org/content/green-loan-principles/>

⁵ LMA, APLMA, and LSTA *Social Loan Principles (2025)*
<https://www.lsta.org/content/social-loan-principles-slp/>

⁶ Ministry of the Environment *Green Bond Guidelines (2024)*
<https://www.env.go.jp/content/000128193.pdf>

⁷ Ministry of the Environment *Green Loan Guidelines (2024)*
https://greenfinanceportal.env.go.jp/pdf/greenbond_guideline_eng.pdf

⁸ Financial Services Agency *Social Bond Guidelines (2021)*
<https://www.fsa.go.jp/en/news/2021/001.pdf>

Based on the above review results, the assessment of the Framework according to the JCR Sustainability Finance Evaluation Method was set as follows: "Green/Social Evaluation (Use of Proceeds)" at "gs1(F)", "Management, Operation, and Transparency Evaluation" at "m1(F)", and "JCR Sustainability Finance Framework Evaluation" at "SU 1(F)". Furthermore, the Framework is deemed to meet the criteria required by the Green Bond Principles, Social Bond Principles, Sustainability Bond Guidelines, Green Loan Principles, Social Loan Principles, Green Bond Guidelines, Green Loan Guidelines, and the Social Bond Guidelines.

Table of Contents

■ Review Items

■ Review Contents

1. Use of Proceeds (Eligibility Criteria)
2. Selection Criteria and Processes for Use of Proceeds
3. Management of Proceeds
4. Reporting
5. Organization's Sustainability Initiatives

■ Review Results (Conclusion)

Review Items

This section provides items to be verified in reviewing the Framework. In this review, JCR focuses on changes from the previous review:

1. Use of Proceeds (Eligibility Criteria)

The category of eligibility criteria and use of proceeds of sustainability finance remain environmentally and socially beneficial after changes.

2. Selection Standards and Processes for Use of Proceeds

The goals to be achieved through sustainability finance, the selection standards of sustainability projects and their selection process, and a series of the processes remain appropriate.

3. Management of Proceeds

The proceeds from sustainability finance are allocated to sustainability projects without fail, and a mechanism and an internal structure to easily track and manage allocations are appropriately and continuously in place.

4. Reporting

The reporting system for sustainability finance is well-established and well-managed on an ongoing basis.

5. Organizational Sustainability Initiatives

The management team of the issuer highly prioritizes sustainability as a material operational issue on an ongoing basis.

Review Contents

1. Use of Proceeds

The following is the use of proceeds, which KDXR sets out in the Framework. (Key changes are in bold and underlined.) This includes changes in the Framework only.

Framework for Use of Proceeds (Excerpt)

1-1. Use of Proceeds

The use of proceeds procured through green finance (Note 1) is limited to finance the followings: (1) the acquisition of assets that satisfy Green Eligibility Criteria 1 stated below and refinancing of such acquisition proceeds (the repayment of borrowings and the redemption of investment corporation bonds, including short-term investment corporation bonds); funding or (2) construction and/or refurbishments that meet Eligibility Criteria 2.

The use of proceeds raised through social finance (Note 2) is limited to finance the acquisition of assets that meet Social Eligibility Criteria described below and refinancing of such acquisition proceeds, which repay borrowings and redeem investment corporation bonds, including short-term investment corporation bonds.

Sustainability finance (Note 3) refers to finance that includes both uses of proceeds which satisfy the eligibility criteria for green finance and social finance.

(Note 1) Green loans, including interest rate derivative contracts associated with such loans (green derivatives) and green bonds

(Note 2) Social loans, including interest rate derivative contracts associated with such loans (social derivatives) and social bonds

(Note 3) Sustainability loans, including interest rate derivative contracts associated with such loans (sustainability derivatives) and sustainability bonds

[Green Eligibility Criteria 1]

Assets that meet any of the following requirements for evaluation or certification ("Eligible Green Assets"). Each certification is required to have been obtained or renewed or be obtained or renewed by the payment date or reporting date.

Type	Validity Period	Eligibility Rank
DBJ Green Building Certification	Three years from the certification obtained date	3 stars or above

<u>CASBEE for Building</u>	<u>(New Construction)</u> Three years from the construction completion date <u>(Existing Building)</u> Five years from the certification obtained date <u>(Renovation)</u> Three years from the construction completion date	<u>B+ rank or higher</u>
CASBEE for Real Estate	Five years from the certification obtained date	B+ rank or higher
<u>Municipal Version of CASBEE</u>	<u>Three years from the construction completion date</u>	<u>B+ rank or higher</u>
BELS Evaluation, including non- residence and ZEB Newly acquired on or after April 1, 2024	-	<ul style="list-style-type: none"> Existing buildings constructed on or after April 1, 2016 4 or higher Existing buildings constructed on or before March 31, 2016 3 or higher For logistics facilities, BEI shall be less than 0.75.
BELS Evaluation, including non- residence and ZEB Acquired on or before March 31, 2024	-	3 or higher For logistics facilities, BEI shall be less than 0.75.
BELS Evaluation, including residence and ZEH Newly acquired on or after April 1, 2024	-	<ul style="list-style-type: none"> Existing buildings constructed on or after April 1, 2016 3 or higher Existing buildings constructed on or before March 31, 2016 2 or higher
BELS Evaluation, including residence and ZEH Acquired on or before March 31, 2024		3 or higher

[Green Eligibility Criteria 2]

Projects (Construction or facility refurbishments that contribute to energy conservation or environmental benefits) which meet any of the following requirements and whose cost was paid or is to be paid by due date:

- Renovation work, including facilities, to reduce energy consumption, water consumption and GHG emissions or improve other environmental benefits in real estate managed, which shall be effective to reduce consumption or emissions by 30 percent or more compared to the previous levels.
- Facility refurbishments that improve the evaluation level by one or more in any of the certification specified in the Eligibility Criteria 1
- Introduction or acquisition of facilities related to renewables

The aforementioned energy-saving construction and renovation work, including facilities, are limited to those for which have already been paid or will be paid by the payment date.

[Criteria Eligible for Social Finance]

Assets that fulfill the following eligibility criteria ("Eligible Social Assets")

<ul style="list-style-type: none"> · Senior Living Facilities 	<ul style="list-style-type: none"> · Private senior homes · Serviced senior housing · Apartments for the elderly · Group homes for elderly with cognitive impairment · Small multi-function facilities · Daycare facilities, etc.
<ul style="list-style-type: none"> · Medical Facilities 	<ul style="list-style-type: none"> · Hospitals · Clinics · Medical malls (healthcare facilities and pharmacies only) · Nursing and health facilities, etc.

JCR's Evaluation for the Framework

KDXR added CASBEE for building and the municipal version of CASBEE to green building certifications required under the Framework.

The following is the overview of the CASBEE certification updated this time around:

Comprehensive Assessment System for Built Environment Efficiency (CASBEE)

CASBEE, which stands for Comprehensive Assessment System for Built Environment Efficiency, 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 an industry-academia-government collaboration project with the support of the Housing Bureau of the Ministry of Land, Infrastructure, Transport and Tourism and has been continuously developed and maintained since then. The evaluation tools include CASBEE for Building, CASBEE for Cities, or CASBEE for Real Estate, which was developed for the real estate market to indicate the environmental performance level in an easy-to-understand manner.

CASBEE for Building is based on Built Environment Efficiency ("BEE"), which is calculated from built environment quality ("Q") as the numerator and built environment load ("L") as the denominator after classifying the assessment categories in four assessment fields: energy consumption, resource recycling, regional environment, and indoor environment, into BEE numerator Q and BEE denominator L. The assessment results for buildings can be ranked on a scale of five levels: Rank S (excellent); Rank A (very good); Rank B + (good); Rank B - (slightly inferior); and Rank C (inferior). As to CASBEE for Real Estate, they can be ranked on a scale of four levels: Rank S (excellent); Rank A (very good); Rank B + (good); and Rank B (satisfied with items required.) In order to be ranked higher, consideration for indoor comfort or landscape is required in addition to concern for the environment, such as energy saving or using equipment with a low environmental burden, and buildings are required to attain high-quality in all aspects.

JCR has evaluated that buildings with Rank B + or higher in the CASBEE certification set as the eligible criteria by KDXR have had environmental benefits with the following reasons: (1) such buildings have BEE of 1.0 or higher in CASBEE for Building, and their environmental quality clearly exceeds their environmental burden; and (2) such buildings are equivalent to Rank B + in the conventional CASBEE for Construction although the measurement is not based on BEE in CASBEE for Real Estate.

The municipal version of CASBEE is one category of the evaluation system used by some local governments when constructing buildings over a certain size. The buildings are ranked based on the results obtained from the assessment software used for CASBEE for Building, with a different weight being applied to each region. This indicates that the municipal version CASBEE also has environmental benefits. Unlike regular CASBEE certifications, no validity period is set for the municipal version. KDXR, however, sets the validity period of three years from the construction completion date for the municipal version in line with CASBEE for Building (New Construction). In case that the validity period set by the Framework has passed, the eligibility of the property is maintained by obtaining other green building certifications required by the Framework, such as regular CASBEE certification.

Based on the above, JCR has concluded that the revised eligible criteria also cover properties with a potential of offering high environmental benefits.

2. Selection Criteria and Processes of the Use of Proceeds

The following is the selection criteria and processes of the use of proceeds, which KDXR sets out in the Framework (no changes).

Framework for Selection Criteria and Processes (Excerpt)

1-2. Project Evaluation and Selection Process

Eligible Project Selection Process

The Sustainability Department, which is a secretariat for the Sustainability Committee established in the Asset Management Company and the Listed REIT Department, which handles operations related to the Asset Management Company's asset management, will act as the center of operations relating to sustainability, including eligible projects.

Chaired by the president & CEO of the Asset Management Company, the Sustainability Committee consists of Head of Listed REIT Department, Head of Private REIT Department, Head of Strategic Planning Department, Head of Strategic Planning of each REIT Department, Head of Asset Management Division of each REIT Department, Head of Portfolio Management Division of Listed REIT Department, Head of Finance & Accounting Department, Head of Corporate Administration Department and other members. The Committee has examined and monitored sustainability policies, targets, and various initiatives with regard to sustainability while taking into consideration social situations or the asset management status of the Asset Management Company, KDXR, and Private REIT.

The selection of eligible projects requires the approval of the Asset Management Committee of Listed REIT Department of the Asset Management Company, which reports to the Sustainability Committee on the evaluation and use of proceeds of eligible projects, alignment of use of proceeds with the eligibility criteria or the prospects of the status of allocation of net proceeds after allocating proceeds to eligible projects.

How to Disclose the Selection Criteria and Processes of Eligible Project

The project selection criteria and processes will be disclosed to investors in supplementary documents for issuance when issuing investment corporation bonds, and these will be released to lenders in a third-party evaluation report formulated by JCR when making loans.

JCR's Evaluation for the Framework

In the previous evaluation, JCR considered that the selection criteria and their processes in the Framework were appropriate. Having observed no changes in the selection criteria and processes set forth in the revised Framework, JCR considers that they remain appropriate.

3. Management of Proceeds

The following is the management of the proceeds, which KDXR sets out in the Framework (no changes).

Framework for Management of Proceeds (Excerpt)

1-3. Management of Proceeds

Proceeds Allocation Plan

The proceeds procured through sustainability finance, green finance and social finance are promptly allocated after confirming that these are linked to the acquisitions of eligible green assets and eligible social assets or the refinanced loans and investment corporation bonds required for such acquisitions.

- The upper limit amount

The upper limit amount of green finance refers to the sum of the aggregate amount of an acquisition price of Eligible Green Assets multiplied by the total asset LTV as of the end of each fiscal period and the aggregate amount of the outstanding green debt, which is the total investment in Eligibility Criteria 2, and the upper limit of green finance will be set.

The upper limit amount of social finance refers to the figure calculated as follows: an aggregate amount of an acquisition price of Eligible Social Assets multiplied by the total asset LTV as of the end of each fiscal period and the upper limit of social finance will be set.

The balance of each financing will be managed so as not to exceed the amount of each eligible debt. In cases where the balance exceeds the debt, an amount equivalent to unallocated proceeds will be managed in cash or cash equivalents.

How to Track and Manage Proceeds

The proceeds and unallocated proceeds will be appropriately managed internally in collaboration with personnel in charge of Strategic Planning Department and a person responsible for Finance & Accounting Department.

The proceeds and unallocated proceeds will be managed separately from other proceeds in separate accounts for deposits and withdrawals exclusively for sustainability finance, green finance and social finance, and the proceeds transferred will be recorded and the balances will be checked on a regular basis.

The proceeds procured through sustainability finance, green finance, and social finance will be internally tracked and managed in the Asset Management Company. In cases where proceeds will be allocated to the acquisition of assets and refinancing thereof, the payment completion will be confirmed and the amount paid will be recorded in internal files.

Internal Control and External Audit on Tracking Method

In cases where proceeds will be appropriated to the acquisition of assets and refinancing thereof, Finance & Accounting Department will report the settlement, which will be reported to Head of Strategic Planning Department, and then the payment amount will be recorded in internal files. KDXR's accounting books will be prepared by a general administrator and audited by an accounting auditor.

How to Manage Unallocated Proceeds

KDXR strives to promptly allocate proceeds raised through sustainability finance, green finance and, social finance to the intended use of proceeds unless the circumstances are exceptional. KDXR will however manage the proceeds and unallocated proceeds in cash or cash equivalents until the allocation of the proceeds is completed.

In cases where the assets for which proceeds will be used are disqualified prior to the redemption of bonds as the permitted use of proceeds as a result of disposition or physical damages after the full amount is allocated, such assets - the evaluation target - will be transferred to the portfolio management (Note).

(Note) Portfolio management

KDXR will confirm that the total balance of green finance is less than the upper limit amount of green finance (Aggregate amount of Acquisition price of Eligible Green Assets × Total asset LTV + Total investment in Eligibility Criteria 2).

KDXR will check that the total balance of social finance is compliant with the upper limit amount of social finance (Aggregate amount of Acquisition price of Eligible Social Assets × Total Asset LTV.)

JCR's Evaluation for the Framework

In the previous evaluation, JCR considered that the management of proceeds in the Framework was appropriate. Having observed no changes in the management of proceeds set forth in the revised Framework, JCR considers that they remain appropriate.

4. Reporting

The following is the management of the proceeds, which KDXR sets out in the Framework. (Changes are in bold and underlined.)

Framework for Reporting (Excerpt)

1-4. Reporting

Where to disclose the allocation of proceeds and the detailed disclosure

KDXR will annually disclose the following information on its website:

- Allocation of Proceeds
- Allocation if there are any unallocated proceeds until the proceeds are fully allocated to projects that meet the eligibility criteria
- The fact that the unallocated proceeds were transferred to the portfolio management and its management status (Eligible Green/Social Assets and eligible green/social debts) in cases where there are any unallocated proceeds between the completion of the allocation of proceeds and the maturity/repayment dates of the finance.

Where to disclose environmental benefits of eligible sustainability projects and the frequency of the disclosure

In cases where there are any unallocated proceeds, the allocation and the following indicators will be annually disclosed on KDXR's website.

Key Performance Indicator ("KPI") that indicates the environmental benefits on the eligible projects

The following indicators will be published to the extent operationally feasible until the arrival of maturity/repayment dates of the finance.

- Green Eligibility Criteria 1

Number and certification of Eligible Green Assets

Aggregate amount of total floor area of Eligible Green Assets

Energy consumption, water consumption and GHG emission **of Eligible Green Assets**

- Green Eligibility Criteria 2

In cases where construction or facility refurbishments that are expected to result in improvements in terms of energy saving or environmental benefits are implemented, an estimated reduction rate (percentage) of energy consumption, water consumption or GHG emissions before and after the construction or refurbishments

In cases where facilities related to renewable energy are installed or acquired, anticipated annual energy production related to the said facilities

- Social Eligibility Criteria

The following output, outcome and income indicators will be annually released.

Output Indicator	Overview of building and lease However, in case that the operator's consent has not been obtained, the information is not disclosed.
Outcome Indicator	J-REIT and healthcare market size Assets under management of healthcare facilities Number of people who could receive benefits by operating healthcare facilities: Overview of operations (Number of rooms, capacity or utilization rate) Services provided at healthcare facilities
Impact (Qualitative Targets)	By linking capital market needs with healthcare facilities operators' needs, KDXR will promote the provision of superior healthcare facilities and contribute to the promotion of socially beneficial capital investments.

JCR's Evaluation for the Framework

Before the update, the previous Framework required to disclose energy consumption, water consumption, and GHG emission of Eligible Green Assets as KPIs. This requirement was applied only to the properties where KDXR assumed authority over energy management. The revised Framework applies the requirement to all Eligible Green Assets including those not subject to such authority. JCR considers that the reporting contents set forth by the Framework remain appropriate.

JCR has verified that both the allocation reporting and the impact reporting of KDXR are properly managed based on the Framework on its website.

5. Organization's Sustainability Initiatives

KDXR has acknowledged the importance of ESG consideration in real estate management and identified the enhancement of sustainability as one of the material topics for its business to realize a sustainable society as a corporate responsibility, and KDXR is committed to reducing its environmental impact through collaboration and cooperation with its stakeholders. KDXR, as one of the largest REITs in Japan, is strongly aware of its social responsibility and aims to be a leading company in sustainability initiatives by integrating and elevating respective expertise of the three REITs prior to their mergers.

KDXR and the Asset Management Company have formulated their sustainability and environmental policies to promote specific initiatives that address the materiality (material issues) of the Kenedix Group. KDO was the first J-REIT to participate in the "GRESB Real Estate Assessment," an annual benchmarking assessment for real estate companies and funds. Since then, the Asset Management Company has been awarded "Green Star" for 13 consecutive years by achieving high performance both in "Management Component," which evaluates policies or organizational structures for ESG promotion and the "Performance Component," which assesses environmental performance or tenant engagement at properties owned. In 2024, the first year following its merger, KDXR received a 4-star GRESB rating and the highest rating "A" for the quality of its ESG information disclosure.

Reduction of energy consumption and CO₂ emissions is one of the material issues in the Asset Management Company, which is to make a contribution to environmental sustainability by using its business activities or property management operations for continuously cutting energy consumption and CO₂ emissions so as to lower its environmental impact. KDXR has set GHG emission targets as its goals on this materiality and has obtained Science Based Targets (SBT) certification.

In October 2021, the Asset Management Company expressed support for the recommendations of the Task Force on Climate-related Financial Disclosures (hereinafter referred to as "TCFD") and also joined the TCFD consortium, a group of domestic companies that support TCFD recommendations, based on which it has been working on disclosure. The Asset Management Company has conducted a scenario analysis to identify the short-, medium- and long-term climate change risks and opportunities of KDXR and to discuss and handle their potential impacts based on the world outlook of respective scenarios. Specific risks and opportunities include increases in carbon tax costs while decreases in costs due to energy-saving or conversion to ZEB/ZEH at properties owned, low environmental performance properties becoming stranded with tenant behavior changes due to environmental orientation, and conversely, maintaining and improving occupancy rates of properties with high environmental burden. The concrete measure for these risks and opportunities refers to green buildings for which the proceeds will be used in the Framework.

The Asset Management Company has contributed to the diversity of society by considering the social impact of the properties held by KDXR and the Asset Management Company, and it also strives to ensure the safety, confidence, health and comfort and diversity of its tenant and local communities. Embracing its policy "Improving Resilience for Disaster" as one of its material issues, the Asset Management Company has been making various initiatives to be prepared for emergency situations in its properties for the safety and security of tenants' employees, visitors and local communities.

KDXR entered into agreements with Yoshikawa City, Ina Town and Konosu City in Saitama Prefecture and Ashikaga City in Tochigi Prefecture under which some properties held can be used as temporary shelters at times of emergency.

Initiatives for an aging society with fewer children are one of the material issues for the Asset Management Company, which have been making efforts to satisfy the needs of aging population by investing in residential facilities with healthcare and childcare facilities, and healthcare facilities. Acquisitions include fee-based homes for the elderly and serviced housing for elderly as well as investments in senior living intermediate nursing home, which is the first among all J-REITs. The Asset Management Company aims to grow together by mutually understanding the operator's management philosophy or business/facility operations and its investment philosophy or management policies, building a relationship of trust as business partners that goes beyond the relationship between a landlord and a tenant and providing optimal solutions to the challenges or needs on business and facility operations faced by the operators.

These initiatives for sustainability have been promoted under the leadership of the Sustainability Committee organized by the Asset Management Company. Chaired by the president & CEO of the Asset Management Company, the Sustainability Committee consists of Head of each REIT Department and Head of each Department. The Sustainability Committee is held, in principle, every three months and gathers, analyzes and examines the policies, targets, activity plans, various initiatives, risk management and other important sustainability or ESG related matters for KDXR and the Asset Management Company and shares these with related parties. The discussions made in such Committee are reported to the Asset Management Company's Board of Directors or to KDXR's Board of Directors with independent supervisory directors. JCR has confirmed that external institutions have advised or verified the efforts for sustainability of the Asset Management Company.

Accordingly, JCR has highly evaluated that KDXR has positioned sustainability issues as key management challenges, has had a council on sustainability and has made efforts from a practical and administrative perspective while taking in the knowledge and expertise of both internal and external experts.

Review Result (Conclusion)

SU 1(F)

JCR has verified that there are no changes in the Framework, by going through the review items in the previous sections. The Framework meets the requirements in *the Green Bond Principles, the Social Bond Principles, the Sustainability Bond Guidelines, the Green Loan Principles, the Social Loan Principles, the Green Bond Guidelines, the Green Loan Guidelines, and the Social Bond Guidelines.*

		Management, Operation, and Transparency Evaluation				
		m1(F)	m2(F)	m3(F)	m4(F)	m5(F)
Evaluation Beneficial Impacts Greenness and Social	gs1(F)	SU 1(F)	SU 2(F)	SU 3(F)	SU 4(F)	SU 5(F)
	gs2(F)	SU 2(F)	SU 2(F)	SU 3(F)	SU 4(F)	SU 5(F)
	gs3(F)	SU 3(F)	SU 3(F)	SU 4(F)	SU 5(F)	Not qualified
	gs4(F)	SU 4(F)	SU 4(F)	SU 5(F)	Not qualified	Not qualified
	gs5(F)	SU 5(F)	SU 5(F)	Not qualified	Not qualified	Not qualified

(Responsible analysts for this evaluation) Rieko Kikuchi · Tomohiko Inamura

Important explanations of this Evaluation

1. Assumptions, Significance and Limitations of JCR Sustainability Finance Framework Evaluation

JCR Sustainability Finance Framework Evaluation, which is determined and provided by Japan Credit Rating Agency, Ltd. (JCR), covers the policies set out in the Sustainability Finance Framework, and expresses JCR's comprehensive opinion at this time regarding the appropriateness of the Green Project and/or Social Project as defined by JCR and the extent of management, operation and transparency initiatives related to the use of funds and other matters. Therefore, JCR Sustainability Finance Framework Evaluation is not intended to evaluate the effects of specific environmental improvements and social benefits the management, operation and transparency of individual bonds and borrowings, etc. to be implemented based on these policies. In the event an individual bond or individual borrowing based on this Framework is subject to a sustainability finance evaluation, a separate evaluation is needed. JCR Sustainability Finance Framework Evaluation does not prove the environmental improvement effects and social benefits of individual bonds or borrowings implemented under this Framework, and does not assume responsibility for their environmental improvement effects and social benefits. JCR confirms the environmental improvement effects and social benefits of funds procured under the Sustainability Finance Framework measured quantitatively and qualitatively by the issuer/borrower or by a third party nominated by the issuer/borrower, but in principle it does not directly measure such effects.

2. Method used to conduct this evaluation

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

3. Relationship with Acts Concerning Credit Rating Business

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

4. Relationship with Credit Ratings

The Evaluation is different from the Credit Rating and does not assure to provide or browse a predetermined credit rating.

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

There are no capital and/or personnel relationships that may result in a conflict of interests between the subject of this evaluation and JCR.

■Matters of Attention

The information contained in this document was obtained by JCR from the issuer/borrower and from accurate and reliable sources; however, such information may be mistaken for human and/mechanical errors or other reasons. Therefore, JCR makes no representation or warranty, whether express or implied, as to the accuracy, result, appropriateness, timeliness, completeness, marketability or fittingness for any particular purpose of such information, and assumes no responsibility for any errors, omissions or consequences of using such information. JCR shall not be liable for any loss of opportunity and extraordinary, indirect, incidental or consequential damages of any kind, including any loss of money, which may result from any use of such information under any circumstances, whether contractual liability, tort liability, negligence or other causes of liability, and whether or not such damages are foreseeable or unforeseeable. JCR Sustainability Finance Framework Evaluation does not express any opinion on various risks (credit risk, price fluctuation risk, market liquidity risk, price fluctuation risk, etc.) related to sustainability finance based on the sustainability finance framework, which is the target of the evaluation. Furthermore, it is an expression of JCR's opinion at the present time and does not represent facts nor does it make any recommendation regarding risk assessment or decisions on the purchase, sale or holding of individual bonds, commercial paper, etc. JCR Sustainability Finance Framework Evaluation may be modified, suspended or withdrawn due to changes in information, lack of information or other reasons. All rights pertaining to this document, including data from JCR Sustainability Finance Framework Evaluation, are held by JCR. All or part of this document, including data from JCR Sustainability Finance Framework Evaluation, is prohibited from being reproduced, modified or otherwise altered without the permission of JCR.

■ Glossary

JCR Sustainability Finance Framework Evaluation: This evaluates the extent to which the funds procured through Sustainability Finance are appropriated for green projects and/or social projects as defined by JCR and the degree to which the management, operation and transparency of the Sustainability Finance are ensured. Evaluations based on a 5-point scale are given from top to bottom using the SU 1(F), SU 2(F), SU3 (F), SU4 (F), and SU5 (F) symbols.

■ Status of Registration as an External Evaluator of Sustainability Finance

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

■ 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
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