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For Immediate Release

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Announcement of Amendment to Shelf Registration Statement for Green Bond Issuance

Japan Real Estate Investment Corporation (“JRE”) hereby announces that it submitted an Amendment to Shelf Registration Statement regarding the issuance of green bonds (unsecured investment corporation bonds) (hereafter referred to as the “Green Bonds”) to the director of the Kanto Finance Bureau on September 28, 2018.

JRE will promote energy conservation, improve customer satisfaction and encourage acquiring green building certifications, through various measures such as ESG investments giving consideration to environment, which includes refurbishment work etc. Thereby realizes Positive Impact ^(Note 1).

(Note 1) “Positive Impact” is defined as “that which produces a positive impact on society or the environment and simultaneously ensures the market-level return”. It is advocated by the United Nations Environment Programme–Finance Initiative (UNEP FI).

For more information on UNEP FI, please refer to the JRE’s website.

JRE’s website: <https://www.j-re.co.jp/en/esg/initiative.html>

1. Contents of Amendment to Shelf Registration Statement regarding bond issuance

Today JRE submitted an Amendment to Shelf Registration Statement regarding the issuance of investment corporation bonds, which contains contents concerning the Green Bonds, to the director of the Kanto Finance Bureau. The issue date, issue amount, and other conditions of the Green Bonds are not yet decided, but all the proceeds from the Green Bonds will be allocated to the following Eligible Green Projects.

- (1) Refurbishments of Shiba 2Chome Daimon Building
- (2) Repayment of loans for acquiring Eligible Green Projects

For more detailed information on Eligible Green Projects, please refer to “3. Outline of Green Bond Framework”.

JRE will manage the unallocated funds as cash or cash equivalents until they are allocated to Eligible Green Projects.

2. Objective and Background

JRE is committed to endeavoring to enhance consideration towards the environment, social contributions and corporate governance to improve the sustainability of society. We recognize that this is a significant social responsibility for a listed REIT to assume, and also believe that it is essential for maximizing our unitholder value.



As part of JRE’s proactive initiatives, in the GRESB Real Estate Assessment conducted in 2018, JRE has received 5 Stars, the highest evaluation for the “GRESB Rating (five levels)”. JRE also has received an “A”, the highest, in the five-level GRESB Public Disclosure, which evaluates the level of ESG disclosure. Moreover, JRE has participated in 2018 CDP’s climate change program, which evaluates companies’ supplier engagement practices on climate change initiatives, and what is more, JRE became the first J-REIT obtaining third-party assurance on energy consumption, greenhouse gas emissions and water usage data.

Japan Real Estate Asset Management Co., Ltd., the company to which JRE consigns the management of its assets (“the Asset Manager”), has established its Sustainability Policy to communicate its priority issues and basic policies on sustainability with regard to its real estate investment management. Under the Policy, the Asset Manager implements various initiatives with an aim to realize a sustainable society. As for the efforts taken this year, the Asset Manager agreed the basic approach of PRI and UNEP FI, and has become a signatory to the said initiatives, and has also joined various discussions hosted by international initiatives such as the PRI Japan Network Property Working Group, the UNEP FI Property Working Group and the GRESB Benchmark Committee.

Signatory of:



JRE intends to issue the Green Bonds in order to further promote our sustainability initiatives as mentioned above.

For detailed information on JRE and the Asset Manager’s sustainability activities, please refer to the following news releases.

- Announcement of GRESB Real Estate Assessment Result
<https://www.j-re.co.jp/file/en-news-a80fbc91b646df6941cdf0ea286e9daf59b7e8ea.pdf>
- JRE’s Asset Manager Becomes a Signatory to PRI and UNEP FI
<https://www.j-re.co.jp/file/en-news-97efe8369aa449399f625e86f617817431f595a8.pdf>

3. Outline of Green Bond Framework

(1) Use of Proceeds from Green Bond Issuance

The net proceeds of the green bonds will be used to refinance and/or finance the refurbishments to or the acquisition of assets that meet the eligibility criteria (“Eligible Green Projects”) outlined in (2) below.

(2) Eligible Green Projects

Eligible Green Projects must meet one or more of the following eligibility criteria. ^(Note 2)

(i) Refurbishments

Refurbishments with a primary purpose of achieving one of the following criteria which have been completed within 36 months prior to the date of green bond issuance and/or will be completed in the near future;

- a. Refurbishments with more than 10% reduction in CO2 emissions or energy consumption
- b. Refurbishments with more than 10% reduction in water consumption
- c. More than one level of star/rank improvement in the green building certifications listed in (ii)
- d. Refurbishment that contributes to the conservation and recovery of biodiversity, including of diversity of outdoor plants will also be considered if one or more of “a” through “c” criteria in (i) are met.
- e. Refurbishment that contributes to the local community by improving public open space connected to the buildings and renovating for accepting people who are temporarily unable to return home will also be considered if one or more of “a” through “c” criteria in (i) are met.
- f. Either one of the certifications/recertification listed in (ii)

(ii) Acquisition

Buildings that have achieved the following top three levels of third-party green building certification/recertification within 36 months prior to the date of green bond issuance and/or will achieve:

- a. 3, 4 or 5 Stars under the DBJ Green Building Certification
- b. 3, 4 or 5 Stars under BELS
- c. B+, A or S Rank under CASBEE

(Note 2) Eligible Green Projects are managed by the Sustainability Committee, which is composed of the Asset Manager’s President and CEO (Chief Sustainability Officer), Planning Division’s Head of ESG Office (Sustainability Officer), and the chiefs and practitioners of other departments. The Eligible Green Projects are evaluated and selected based on sustainability policies and relevant criteria and determined by the President, based on the Asset Manager’s job responsibilities and authority.

As of today, refurbishments of Shiba 2Chome Daimon Building which has already been started apply to the Eligible Green Projects. Among the above criteria, “refurbishments with more than 10% reduction in CO2 emissions or energy consumption” and “3 Stars under the DBJ Green Building Certification” are met by this project.

Additionally, as for DBJ Green Building Certification, our efforts which contributes to disaster prevention and BCP, as well as installing highly efficient air conditioning and LED lighting inside the building were highly evaluated.

(3) Reporting

JRE will annually disclose the allocation information of the net proceeds of green bonds as of end of March. Additionally, JRE will also disclose the three indicators of Eligible Green Projects (energy consumption, water usage and CO2 emissions) annually and as for the Eligible Green Projects including refurbishments, the environmental impacts relevant to each project will be disclosed annually after the construction has been completed.

The said reporting will be disclosed on the JRE's website etc. as long as relevant green bonds are outstanding.

4. Evaluation by External Organization

JRE has obtained a second-party opinion from Sustainalytics, an ESG rating agency, for the eligibility of green bond framework ^(Note 3). For the second-party opinion from Sustainalytics, please refer to the following website.

https://www.sustainalytics.com/wp-content/uploads/2018/09/Japan-Real-Estate-Investment-Green-Bond-Framework-and-SPO_Final.pdf

(Note 3) Green Bond eligibility means a Green Bond framework aligns with the four pillars (use of proceeds, project evaluation / selection, management of proceeds and reporting) of the Green Bond Principles 2018.

5. Outline of refurbishments for Shiba 2Chome Daimon Building

An outline of the refurbishments for Shiba 2Chome Daimon Building to be paid for by some of the proceeds from the Green Bonds is as follows:

(1) Outline of the property

Name of property		Shiba 2Chome Daimon Building
Location		2-3-3 Shiba, Minato-ku, Tokyo
Area	Land	2,820 m ² (Total land area)
	Building	16,235 m ² (Total floor space)
Structure		Steel-framed, Steel-framed reinforced concrete structure, flat roof Above ground: 8 floors Below ground: 2 floors
Time of completion		March 1984
Type of ownership	Land	Ownership
	Building	Ownership
Time of acquisition		September 2001
Acquisition price		4,859 million yen

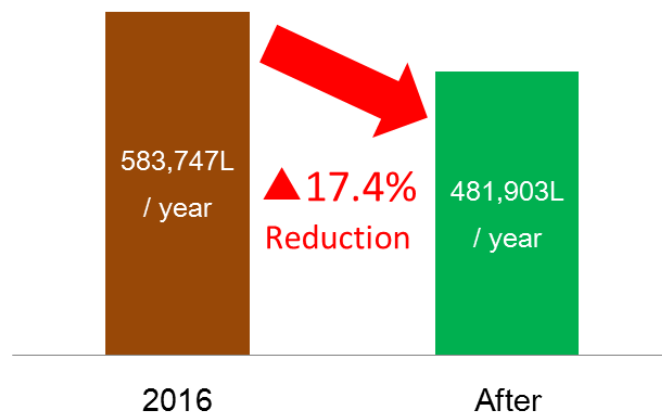


(2) Main contents of the refurbishments

This project was designed with reference to the idea of the UN Environment Finance Initiative's Principles for Positive Impact Finance.

- (i) Replacement of building equipment to reduce environmental impacts
Installing highly efficient air conditioning and LED lighting inside the building

<Energy reduction of entire building resulting from installing highly efficient air conditioning>



(Note 4) Electricity consumption and gas consumption are the crude oil equivalent.
The above comparison is based on theoretical calculations.

- (ii) Improvement of tenant satisfactory business environment
Develop and expand shared spaces including lounges, which many tenants requested on the tenant satisfaction surveys
- (iii) Consideration for the health and well-beings of tenants' employees
Provide a relaxation space with partial greening and natural materials, where they can feel relaxed and refreshed
- (iv) Value Enhancement in terms of design
Study various designs giving consideration to ESG
Enhance the presence of the property through renewing the existing image of the property

This is the English translation of the announcement in Japanese dated September 28, 2018.
No assurance or warranties are given for the completeness or accuracy of this English translation.