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**For Translation Purpose Only**  
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## **Notice Concerning Submission of Revised Shelf Registration Statement for the Issuance of Green Bonds**

Japan Prime Realty Investment Corporation (JPR) announced that it today submitted a revised shelf registration statement (the original shelf registration statement was submitted on October 31, 2017) for the issuance of the 24<sup>th</sup> Series of Unsecured Investment Corporation Bonds (Green Bonds) (hereinafter referred to as the “Green Bonds”; also known as “JPR Green Bonds”) to the Director-General of the Kanto Local Finance Bureau, as described below.

### **Details**

#### **1. Content of the revised shelf registration statement**

JPR today submitted a revised shelf registration statement stating details relating to issuance of the Green Bonds to the Director-General of the Kanto Local Finance Bureau. JPR plans to appoint Mizuho Securities Co., Ltd. and SMBC Nikko Securities Inc. as the lead managers for the issuance of the Green Bonds and to examine the viability of issuing the Green Bonds and the issue terms such as interest rates.

In accordance with the Green Finance Framework (described in 3 below), JPR plans to use all the proceeds from the Green Bonds to make repayments of loans taken out to acquire specified assets that meet the criteria of Eligible Green Assets (described in 3 (2) below).

#### **2. Purpose and background of the issuance of the Green Bonds**

Recently, the ESG concept is becoming a global trend especially among institutional investors that invest in the long term, and we are entering an era in which a company’s social and environmental reputation will affect its competitiveness. As trusts that invest in real estate, J-REITs have a duty to develop along with society and ESG initiatives are essential for their sustainable growth. Acutely aware of this duty, JPR has for many years focused on environmental measures and energy saving measures and improving tenant satisfaction at the office buildings etc. it owns and also set up a Sustainability Committee to systematically promote ongoing sustainability initiatives in 2018. JPR plans to step up such initiatives even further in the future. As part of these initiatives, JPR was awarded a Green Star rating in the 2018 Global Real Estate Sustainability Benchmark Real Estate Assessment (hereinafter “GRESB”) for the fifth consecutive year, also receiving a high “4 Star” rating in the GRESB rating (a 1 star-5 star rating) and the highest “A” evaluation in the GRESB Public Disclosure evaluation. JPR has also proactively acquired various other environmental certifications such as DBJ Green Building Certification awarded by Development Bank of Japan Inc. (DBJ) and Comprehensive Assessment System for Built Environment Efficiency (CASBEE) environmental performance assessment rating.

Through the issuance of the Green Bonds, JPR seeks to further promote ESG initiatives and boost demand among investors who are interested in ESG investment. This will contribute to the expansion of JPR’s investor base and the enhancement of stable fundraising methods for J-REITs.



### 3. Green Finance Framework

JPR formulated a Green Finance Framework in line with the Green Bond Principles (Note 1) 2018 and the 2017 Green Bond Guidelines (Note 2) for the implementation of green finance including the issuance of Green Bonds.

(Note 1) The Green Bond Principles 2018 are guidelines on the issuance of green bond formulated by the Green Bond Principles Executive Committee, which is a private sector organization for which the International Capital Market Association (ICMA) serves as Secretariat, and are referred to hereinafter as the “GBP”.

(Note 2) The 2017 Green Bond Guidelines are guidelines formulated and released in March 2013 by the Ministry of the Environment. With due consideration to consistency with the GBP, the guidelines provide issuers, investors and other market participants with illustrative examples of specific approaches and interpretations tailored to the characteristics of the Japan's bond market which will aid these market participants to make decisions on working-level matters related to Green Bonds, with the purpose of spurring issuances of Green Bonds and investments in them in Japan.

#### (1) Use of proceeds from Green Finance

Proceeds from Green Finance will be allocated as follows.

- To fund purchases of existing or new assets classed as Eligible Green Assets
- To fund the repayment of loans needed to purchase Eligible Green Assets
- To fund the redemption of investment corporation bonds needed to purchase Eligible Green Assets

#### (2) Eligible Green Assets

Eligible Green Assets will be selected from among assets which have received or will receive certification under either of the following standards.

- a) DBJ Green Building Certification: 3 Stars, 4 Stars or 5 Stars
- b) CASBEE: B+ Rank, A Rank or S Rank

#### (3) Green Finance Procurement Process

Green Finance will be proposed by the Director and Chief Financial Officer of Tokyo Realty Investment Management, Inc. (TRIM) and will be approved at a meeting of the Investment Committee by a majority of the committee members (CEO, Chief Investment Officer, Chief Financial Officer and Chief Administrative Officer) subject to confirmation of eligibility as Green Finance. Green Finance will be raised as an agenda item at a meeting of the Sustainability Committee of Tokyo Realty Investment Management, Inc. before procurement and will also reported to the committee after procurement.

#### (4) Management of proceeds

Eligible green liabilities will be calculated by multiplying the total acquisition price of Eligible Green Assets in the portfolio by the ratio of interest-bearing liabilities to total assets (LTV) and this amount will be set as the maximum amount of Green Finance.

#### (5) Reporting

JPR will publish the following indicators as of December 31 each year on its website for as long as the Green Finance is outstanding.

- a) Status of allocation of proceeds
- b) Number of properties classed as Eligible Green Assets
- c) The levels of third-party certifications acquired by each Eligible Green Asset
- d) The total amount of floor area of Eligible Green Assets
- e) Energy consumption(Note 3)



- f) CO<sub>2</sub> emissions (Note 3)
- g) Water consumption (Note 3)

(Note 3) JPR will announce annual aggregate figures for the Eligible Green Assets. In the case of certain properties, JPR will disclose information to the extent that JPR has energy control authority.

#### 4. Third-party Assessment

JPR obtained Green 1 (F) rating, the highest possible, in a “Green Finance Framework Evaluation” by Japan Credit Rating Agency, Ltd. (JCR), which is a third-party evaluation organization, regarding the eligibility of its Green Finance Framework, and the Green Bonds will be issued based on the applicable framework. Please click on the link below for further details.

<https://www.jcr.co.jp/en/>

In connection with the third-party evaluation obtained by JPR, JCR, which is the issuance supporter, received a grant notification from the Green Finance Organization stating that JCR is eligible for a subsidy under the Ministry of Environment’s FY2018 Green Bond Issuance Promotion Platform (Note 4).

(Note 4) The Green Bond Issuance Promotion Platform grants subsidies to registered issuance supporters that provide support to companies, local governments, etc. that intend to issue Green Bonds to cover the cost of such support, including the provision of an external review and consulting on the development of a Green Bond framework. For green bonds to be eligible for subsidies, all proceeds must be allocated to green projects and all the following criteria must be met at the time of issuance.

- (i) The project must meet one of the following criteria at the time of issuance of the Green Bonds.
  - ① Contributes mainly to domestic decarbonization (renewable energy, energy efficiency, etc.)
    - Projects for which equal to or more than half of the procured amount, or equal to or more than half of the number of projects is domestic decarbonization-related project.
  - ② Has high decarbonization and effects on vitalization of local economy.
    - Decarbonization effects: Those whose subsidy amount per ton of domestic CO<sub>2</sub> reduction is less than the specified amount.
    - Effects on vitalization of local economy: Projects that are expected to contribute to effects on vitalization of local economy as part of the ordinance and plan, etc. decided by the municipality, projects for which investment by municipalities can be anticipated, etc.
- (ii) An external review organization has confirmed prior to issuance that the Green Bond Framework is in compliance with the Green Bond Guidelines.
- (iii) The bonds are not merely “greenwashed.”

\*JPR website: <http://www.jpr-reit.co.jp/en>