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For Immediate Release

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Notice Concerning Submission of Revised Shelf Registration Statement
for Issuance of Green Bonds

NIPPON REIT Investment Corporation (“NIPPON REIT”) announces today that it has submitted a revised shelf registration statement for the issuance of green bonds (unsecured investment corporation bonds).

1. Content of the revised shelf registration statement for issuance of the Green Bonds

NIPPON REIT today submitted a revised shelf registration statement of investment corporation bonds to the Director-General of the Kanto Local Finance Bureau in connection with the issuance of the Green Bonds.

NIPPON REIT plans to apply all of the proceeds from the Green Bonds to fund the acquisition of eligible green asset (described in “3. Outline of the green finance framework (2) Eligible criteria” below), to make repayments of loans or bonds outstanding to acquire eligible green asset, and to make payments of refurbishments of the eligible green assets, to make repayments of loans or bonds outstanding to pay for the refurbishments of the eligible green assets.

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

Sojitz REIT Advisors K.K. (“SRA”), which is the asset management company of NIPPON REIT, in recognition of the importance of initiatives for sustainability including environmental and social considerations for carrying out asset management activities, established a “Sustainability Policy” in April 2017, under which it strives to achieve asset management activities giving consideration of reduction of environmental load and diversified affiliations and collaborations with various internal and external stakeholders.

As part of these initiatives, proactive efforts are also underway at NIPPON REIT for acquisition of environmental certification, in addition to such activities as “promoting energy saving and reduction of CO2 emissions” and “preserving water environment and promoting resource saving and waste reduction.”

In the 2020 GRESB (Global Real Estate Sustainability Benchmark) Assessment, in the area of environmental awareness and sustainability initiatives NIPPON REIT received strong recognition from both dimensions of “Management & Policy” and “Implementation & Measurement”, and was awarded the “Green Star” designation for four consecutive years. NIPPON REIT also received the second highest “3 Stars” rating for four consecutive years by GRESB.

NIPPON REIT is conducting this submission of a revised shelf registration statement with the aim of strengthening the funding base by expanding the group of investors interested in ESG investment and financing, along with promoting initiatives for sustainability even further, by

procuring funds through the Green Bonds.

3. Outline of the green finance framework

To promote green finance, including the issuance of the Green Bonds, NIPPON REIT has formulated a green finance framework in line with the “Green Bond Principles (2021)” (Note 1), the “Green Loan Principles (2020)” (Note 2), the “Green Bond Guidelines (2020)” (Note 3), and the “Green Loan and Sustainability Linked Loan Guidelines (2020)” (Note 4).

- (Note1) “Green Bond Principles (2021)” refers to the guidelines for green bond issuance formulated by the Green Bond Principles Executive Committee, a non-government organization for which the International Capital Market Association (ICMA) serves as secretariat, and are hereinafter referred to as the “Green Bond Principles.”
- (Note2) “Green Loan Principles (2020)” refers to the guidelines for loans made available exclusively for use on green projects formulated by the Loan Market Association (LMA) and the Asia Pacific Loan Market Association (APLMA), and are hereinafter referred to as the “Green Loan Principles.”
- (Note3) “Green Bond Guidelines (2020)” refers to the guidelines formulated and published in March 2017 and revised in March 2020 by the Ministry of the Environment of Japan. The Guidelines, in accordance with the Green Bond Principles, seek to provide market participants with illustrative examples of specific approaches and interpretations tailored to the Japanese market to aid with decision-making regarding green bonds, thereby promoting green bond issuances and investments in Japan. The Guidelines are hereinafter referred to as the “Green Bond Guidelines.”
- (Note4) “Green Loan and Sustainability-Linked Loan Guidelines (2020)” refers to the guidelines formulated and published in March 2020 by the Ministry of the Environment of Japan. The Guidelines, in accordance with the Green Loan Principles for green loans, seek to provide borrowers, lenders and other market participants with illustrative examples of specific approaches and interpretations tailored to the Japanese market to aid with decision-making regarding green loans, thereby spurring utilization of green loans in Japan.

(1) Use of proceeds from green finance

NIPPON REIT plans to use the funds procured through green finance as funds for the acquisition and refinancing of the funds for the asset conforming to “Eligible criteria A” and project conforming to “Eligible criteria B”. In terms of “Eligible criteria B”, renovation work that has been completed or will be completed within 3 years from the payment date of the green bond or the green loan are eligible.

(2) Eligible criteria

Eligible criteria A:

Assets for which any of the following certifications from a third-party certification body (“green building certification”) has been or will be obtained

- I. DBJ Green Building Certification (Note1): 3 Stars, 4 Stars or 5 Stars
- II. BELS Certification (Note2): 3 Stars, 4 Stars or 5 Stars
- III. Certification for CASBEE for Real Estate (Note3): B+ , A or S Rank

Eligible criteria B:

The renovation works that meet one out of the following three requirements.

- I. Renovation work intended to reduce CO2 emissions by 30% or more
- II. Renovation work intended to reduce energy consumption by 30% or more
- III. Renovation work intended to reduce water consumption by 30% or more
- IV. Renovation work intended to improve the number of stars or the grade/rank by one or more for any of the eligible green asset certifications

(Note1) “DBJ Green Building Certification” is a certification of buildings with environmental and social awareness (Green Building) implemented by Development Bank of Japan Inc. based on a five-grade evaluation system (1 to 5 stars) by using a comprehensive scoring model independently developed by DBJ.

(Note2) “BELS Certification” is a public evaluation system of energy saving capacity in non-residential structures of which evaluation criteria were determined by the Ministry of Land, Infrastructure and Transport and is expected to provide information regarding energy saving and promote further development of energy saving capacity in non-residential structures.

(Note3) “CASBEE (Comprehensive Assessment System for Built Environmental Efficiency)” is a method for evaluating and rating the environmental performance of buildings as well as a comprehensive evaluation system of the environmental performance of buildings including consideration to the surrounding landscape in addition to the aspects of environmental load reduction such as energy and resource saving and recycling performance.

(3) Process for project evaluation and selection

The projects that meet eligible criteria (“eligible green project”) are decided by the “Sustainability Committee” of SRA, which is comprised of the President and CEO, the Senior General Manager of Investment Management Division and the Senior General Manager of Finance & Planning Division etc., under discussion about evaluation of eligible green project, use

of the fund and eligibility for the criteria.

(4) Management of proceeds

The Total of the amount obtained by multiplying the total book value of assets that meet eligible criteria A as of end of the latest fiscal period by the LTV (Note1) as of end of the latest fiscal period and the amount of the total expense of the renovation work that meet eligible criteria B will be set as the upper limit amount for green finance.

(Note1) LTV is calculated as follow

$LTV = \text{total interest bearing debt} \div \text{total assets}$

(5) Reporting

I. Allocation status Reporting

Whether there are any unallocated funds from green finance, the status of allocation of fund will be disclosed on its website once a year. The contents of the disclosure are the amount of funds allocated to each project, the amount of unallocated funds raised, and the amount of funds raised that have been allotted as existing expenditures.

In addition, any other major changed in the situation will also be disclosed on its website.

II. Impact Reporting

As long as there is any remaining balance of green finance, NIPPON REIT will disclose the following items on its website once a year.

- Status of certification and an evaluation of the certification
- Energy consumption
- Greenhouse gas emissions such as CO2 emissions
- Water consumption
- In cases whether there are any funds from green finance allocated for renovation work, in addition to the content of the renovation work and the name of the property, any quantitative index of the energy consumption, greenhouse gas emissions such as CO2, and the water consumption, or the type and rank of the environmental certification before and after the renovation work

4. External review

For eligibility of the green finance framework, NIPPON REIT has been assigned “Green 1 (F),” the highest evaluation grade in the JCR Green Finance Framework Evaluation (Note1) by Japan Credit Rating Agency, Ltd. (“JCR”). For the content and other details of the JCR Green Finance Framework Evaluation, please refer to the following website.

JCR Green Finance Framework Evaluation: <https://www.jcr.co.jp/en/greenfinance/>

Furthermore, as an issuance supporter under the Ministry of the Environment of Japan’s Fiscal 2021 Financial Support Programme for Green Bond Issuance (Note 2), JCR has received the notification of decision to grant the subsidy from the Green Finance Organization, making the assignment of third-party evaluation of the green finance framework of NIPPON REIT eligible for grant of the subsidy.

(Note1) The JCR Green Finance Framework Evaluation refers to a third-party assessment of issuers or borrowers issuing Green Bonds, or Green Loan Policies (Green Finance Policies) based on the Green Bond Principles, the Green Loan Principles and the Green Bond Guidelines and the Green Loan and Sustainability Linked Loan Guidelines. In this assessment, JCR assess whether the project classification described in the issuer’s or borrower’s green finance policy corresponds to the green project. JCR evaluate the use of the fund (the proportion allocated to the green project) and the management, operation, and transparency of the issuer’s or borrower’s management and operation system. As a comprehensive evaluation, the JCR Green Finance Framework Evaluation is determined.

(Note2) “Financial Support Programme for Green Bond Issuance” refers to a program providing subsidies for the expenses required by those who support companies, municipalities and other bodies who seek to issue green bonds, etc. in the form of granting external reviews, consultation on establishing a green bond or other framework, etc. The requirements for green bonds, etc. to be eligible are that the proceeds are exclusively applied to green projects and that all of the following requirements are met at the time of issuance.

(1) One of the following criteria is met at the time of issuance of green bonds, etc.:

1. Contributes mainly to domestic decarbonization (renewable energy, energy efficiency, etc.)
 - Projects for which an equivalent amount or more than half of the procured amount, or of which an equivalent number or more than half of the number of projects target domestic, decarbonization-related projects
2. Has high effects on decarbonization and vitalization of local economy
 - Decarbonization effects: Those whose subsidy amount per ton of domestic CO2 reduction is less than

the specified amount

- Effects on vitalization of local economy: Projects that are expected to contribute to 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.
- (2) Compliance of the green bond or other framework with the Green Bond Guidelines has been confirmed by an external review organization before issuance
- (3) Not a so-called “green-wash bond”

* NIPPON REIT website : <http://www.nippon-reit.com/en>

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