

April 16, 2018

To all concerned parties:

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**Japan Retail Fund Investment Corporation**  
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## Notice Concerning Amendments to Shelf Registration Statement for Green Bond Issuance

Japan Retail Fund Investment Corporation (“JRF”) submitted an Amendment to Shelf Registration Statement (the current Shelf Registration Statement was submitted on April 4, 2017) with respect to the Green Bond <sup>(Note 1)</sup> issuance (unsecured investment corporation bonds). Details of the Amendments to Shelf Registration Statement are as follows. If the Green Bond is issued based on the submitted Amendment to Shelf Registration Statement, then it would be the first such issuance for any J-REIT.

(Note 1) Green Bonds are a type of bond instrument issued by corporations, investment funds, and municipalities to finance eligible “green projects” (environmentally-friendly investment projects). The issuance of Green Bonds must adhere to International Capital Market Association’s (ICMA) Green Bond Principles. For more information on Green Bond Principles, refer to ICMA’s website.

<https://www.icmagroup.org/green-social-and-sustainability-bonds/green-bond-principles-gbp/>

Points of this measure	<b>1. Developing framework for the first Green Bond issuance in J-REIT</b>
	<b>2. Acquiring “second opinion” and “Green Bond assessment”</b>
	<b>3. Expanding fund-raising methods and developing investment corporation bonds’ market</b>

### 1. Objective and background of the Green Bond issuance

JRF’s asset manager, Mitsubishi Corp. - UBS Realty Inc. (“MC-UBS”) has established “Environment Charter” and “Responsible Property Investment Policy”, and integrated Environment, Social, and Governance (ESG) factors into acquisition and asset management processes managed by JRF. Based on the Responsible Property Investment Policy, MC-UBS agreed and became a signatory to the Principles for Responsible Investment (PRI), which is proposed by the United Nations, and the Principles for Financial Action for the 21<sup>st</sup> Century, which is supported by the Ministry of Environment. In addition, MC-UBS devotes its efforts to disseminate and promote the Principles of the Responsible Property Investment by becoming a signatory to the United Nations Environment Programme - Finance Initiative (UNEP FI) and participating in the UNEP FI’s Property Working Group <sup>(Note 1)</sup>.

As part of JRF’s proactive environmental initiatives <sup>(Note 2)</sup>, JRF is committed to promoting green buildings by acquiring certificates from Global Real Estate Sustainability Benchmark (“GRESB”) Real Estate Assessment, which assesses ESG performance of real estate, and CDP Climate Change Program, which researches measures taken against global warming by listed companies. Also, JRF continues to acquire environmental certificates for its properties such as CASBEE (Comprehensive Assessment System for Built Environmental Efficiency) Certification, DBJ Green Building Certification, and BELS (Board of Editors in the Life Sciences) certification. As these initiatives were recognized by MSCI, an American stock index provider listed on the New York Stock Exchange, JRF is included in the MSCI Japan ESG Select Leaders constituent body Index <sup>(Note 3)</sup>,

a new ESG index that measures the Environmental, Social and Governance performance.

JRF submitted the Amendments to Shelf Registration Statement in preparation for the anticipated Green Bond based on the decision that promoting JRF's initiatives for the first Green Bond issuance in J-REIT will strengthen JRF's commitment toward sustainability activities, diversify fund-raising methods by expanding ESG-focused investor base and lead market growth for investment corporation bonds and Green Bonds.

(Note 1) MC-UBS' sustainability activities (<http://www.mc-ubs.com/english/sustainability/index.html>)

(Note 2) JRF's sustainability activities ([http://www.jrf-reit.com/english/structure/sustain\\_env.html](http://www.jrf-reit.com/english/structure/sustain_env.html))

(Note 3) The index covers the top 500 equities as a constituent body from the MSCI Japan Investable Market Index (IMI) (1,221 constituents as of June 2017) by market capitalization size, and selects 251 equities (as of June 2017) based on their ESG evaluations.

## 2. JRF's Green Bond Framework

For the Green Bond issuance process based on Green Bond Principles, JRF selects new or existing properties ("Eligible Green Projects") from its portfolio, which satisfy the eligibility criteria<sup>(Note 1)</sup> of MC-UBS' Sustainability Committee, as subject assets for Green Bond. As of February 28, 2018, JRF has a total of 21 existing properties in its portfolio as Eligible Green Projects, amounting to a book value of 317.6 billion yen. The maximum outstanding amount of Green Bond ("Debts of Eligible Green Projects") is calculated by multiplying the total book value of the Eligible Green Projects by JRF's LTV ratio (excluding tenant leasehold and security deposits) (45.0% as of February 28, 2018). For the net proceeds from the Green Bond will be allocated toward the acquisition of existing and/or new Eligible Green Projects, toward refinance of the existing debts that have already been allocated to Eligible Green Projects or toward redemption of the issued investment corporation bonds (including Green Bonds) required to acquire Eligible Green Projects.

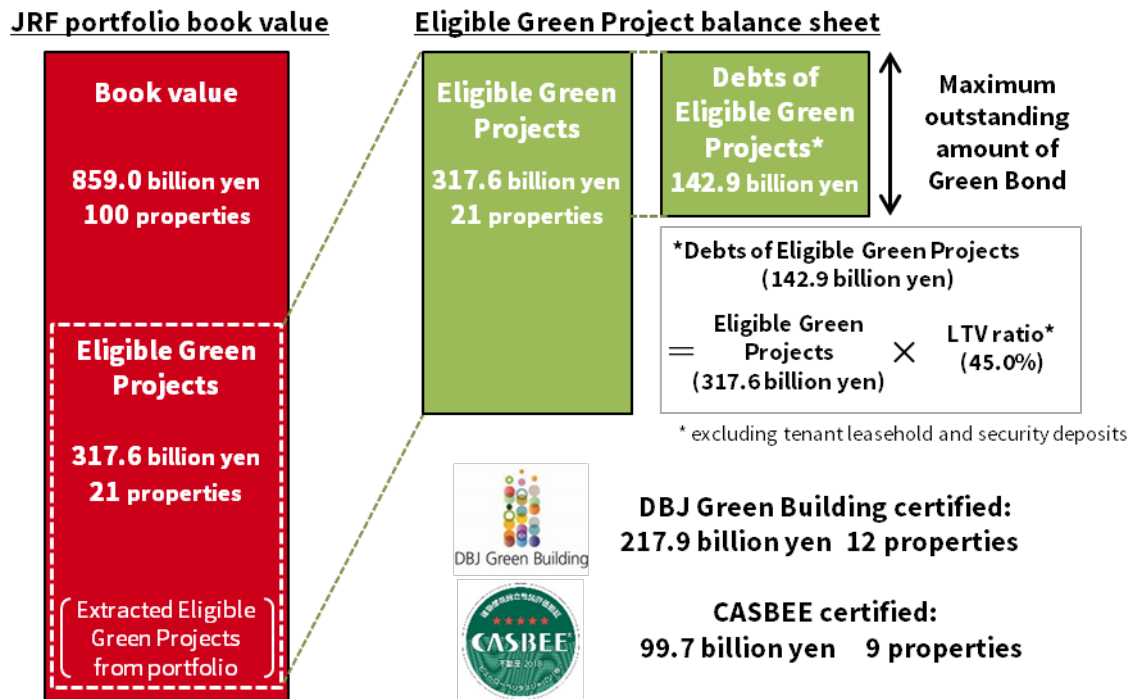
As long as the Green Bond is outstanding, JRF will disclose on its website that the total book value of all the Eligible Green Projects and the Debts of Eligible Green Projects, the total amount of outstanding Green Bond, the number and total floor area of Eligible Green Projects and quantitative environmental performance indicators of Eligible Green Projects (electricity, fuel and water consumptions and CO2 emissions), as of the end of February of each year until the completion of repayment. ("Reporting")

(Note 1) To be eligible for Green Bond proceeds, Eligible Green Projects must meet one of the following eligibility criteria:

- On the payment date of each investment corporation bond, buildings that have received 3, 4 or 5 stars under the DBJ Green Building Certification Programme within 2 years preceding the Green Bond issuance date, and/or buildings that are expected to receive the certification after issuance. At the time of reporting, buildings which meet the same criteria as of the end of February of each year.
- On the payment date of each investment corporation bond, buildings that have received B+, A or S rank under the CASBEE Certification Rank within 2 years preceding the Green Bond issuance date, and/or buildings that are expected to receive the certification after issuance. At the time of reporting, buildings which meet same criteria as of the end of February of each year.

Regarding the qualified criteria, the second opinion described in "4. Qualified external party evaluations 1) Green Bond eligibility" states that these eligible assets have clear environmental benefits as the outcomes are clearly recognized as eligible based on Green Bond Principles.

Maximum outstanding amount of Green Bond (as of February 28, 2018)



### 3. Contents of Amendments to Shelf Registration Statement in preparation for Green Bond issuance

JRF announces that it has submitted to the Director of Kanto Local Finance Bureau the Amendments to Shelf Registration Statement for Investment Corporation Bonds which contain information pertaining to the Green Bonds in preparation for issuance. Regarding the anticipated Green Bond issuance, Mizuho Securities, Co., Ltd., SMBC Nikko Securities Inc., and Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. will be appointed as lead arrangers and will examine the issuance feasibility, interest rate, and terms and conditions for a 5-year Green Bond through marketing activities.

With regards to the use of proceeds, the equivalent amount of funds raised from the Green Bond will be allocated toward the acquisition of existing and/or new Eligible Green Projects, toward refinancing the existing debts that have already been allocated to Eligible Green Projects or toward redemption of the issued investment corporation bond (including Green Bond) required to acquire Eligible Green Projects.

### 4. Qualified external party evaluations

#### 1) Green Bond eligibility <sup>(note 1)</sup>

JRF has obtained a second-party opinion from Sustainalytics, an ESG rating agency, for the eligibility of Green Bond proceeds. Refer to JRF's website for the second-party opinion.

[http://www.jrf-reit.com/english/structure/pdf/sustain\\_secop201804.pdf](http://www.jrf-reit.com/english/structure/pdf/sustain_secop201804.pdf)

(Note 1) 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 2017.

#### 2) Green Bond assessment

JRF has received an R&I Green Bond Assessment of GA1, which is the highest rank, from Rating and Investment Information, Inc. ("R&I") with regards to the anticipated Green Bond. An R&I Green Bond Assessment is a rating opinion provided by R&I with regards to the extent to which the Green Bond proceeds are used to invest in projects that resolve environmental issues. Refer to JRF's website for the R&I Green Bond Assessment.

[http://www.jrf-reit.com/english/structure/pdf/sustain\\_randi201804.pdf](http://www.jrf-reit.com/english/structure/pdf/sustain_randi201804.pdf)

This English language release is for informational purposes only, and the Japanese language release should be referred to as the original.