

May 11, 2018

To all concerned parties:

Investment Corporation

**Japan Retail Fund Investment Corporation**

(Tokyo Stock Exchange Company Code: 8953)

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Asset Management Company

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## Notice Concerning Issuance of Investment Corporation Bonds (Green Bonds) and Early Repayment of Borrowings

Japan Retail Fund Investment Corporation (“JRF”) announces that it has decided to issue, as announced in the “Notice Concerning Amendments to Shelf Registration Statement for Green Bond Issuance” dated on April 16, 2018, its 12th Unsecured Investment Corporation Bonds, or JRF Green Bonds (Special pari passu conditions among specified investment corporation bonds) (hereinafter called as the “12th Bonds”), in accordance with the Amendments to Shelf Registration Statement submitted on April 16, 2018, and to repay long-term borrowing prior to maturity, as described below.

The 12th Bonds are the first Green Bonds<sup>(Note1)</sup> to be issued by a J-REIT.

(Note1) 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/>

### 1. Issuance of the Investment Corporation Bonds (Green Bonds)

#### (1) Investment corporation bonds to be issued

(1) Name	Japan Retail Fund Investment Corporation The 12th Unsecured Investment Corporation Bonds, or JRF Green Bonds (Special pari passu conditions among specified investment corporation bonds)
(2) Total amount to be issued	8,000 million yen
(3) Form of bond certificate	Subject to the provisions of the Act on Book-Entry Transfer of Company Bonds, Shares, etc., JRF will not issue investment corporation bond certificates for the 12th Bonds.
(4) Total amount to be paid in or minimum amount	100 yen per 100 yen of each Bond
(5) Redemption price	100 yen per 100 yen of each Bond
(6) Interest rate	0.210% per annum
(7) Denomination price	100 million yen
(8) Offering method	Public offering
(9) Subscription date	May 11, 2018
(10) Payment date	May 25, 2018
(11) Collateral	The 12th Bonds are neither secured by mortgage nor guaranteed, and no asset is particularly reserved as security for the 12th Bonds.
(12) Redemption date and method	The total amount of the 12th Bonds will be redeemed on May 25, 2023.
(13) Interest payment date	May 25 and November 25 every year
(14) Financial covenant	Negative pledge clause is attached.
(15) Rating	Rating and Investment Information, Inc. (R&I) : AA-
(16) Fiscal agent, issuing agent and payment agent	MUFG Bank, Ltd.
(17) Underwriter	Mizuho Securities Co., Ltd. SMBC Nikko Securities Inc. Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. DBJ Securities Co. Ltd

JRF has obtained a second-party opinion <sup>(Note1)</sup> from Sustainalytics, an ESG rating agency, for the eligibility of Green Bond proceeds. Today, the 12th Bonds were assigned by Rating and Investment Information, Inc. (“R&I”) the highest GA1 rating of its R&I Green Bond Assessment <sup>(Note2)</sup>, showing that the proceeds from the bonds would be invested into businesses that provide environmental solutions to a significant degree.

(Note1) 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)

(Note2) 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 (To be released).

## (2) Reasons for the issuance

JRF will issue the 12th Bonds based on “JRF’s Green Bond Framework” described in the “Notice Concerning Amendments to Shelf Registration Statement for Green Bond Issuance” dated on April 16, 2018.

Proceeds from the 12th Bonds will be entirely allocated to repay the 8,000 million yen borrowed for G-Bldg. Kichijoji 02 <sup>(Note1)</sup> as described in the “2. Early Repayment of Borrowings (1) Description of debt to be early repaid” below. This is part of the existing loan described in the “Notice Concerning Debt Financing (Refinancing)” dated on July 28, 2017, which was intended to be allocated to repay the part of the debt of 10 billion yen (Loan 10) announced in the “Notice Concerning New Debt Financing” dated on February 25, 2016, which was intended to be allocated to acquire the part of a trust beneficiary right in G-Bldg. Kichijoji 02, one of the Eligible Green Projects <sup>(Note2)</sup> in the JRF portfolio.

(Note1) JRF acquired 3 stars under the DBJ Green Building Certification Programme for G-Bldg. Kichijoji 02 on Apr. 13, 2018. Refer to JRF’s website for details of G-Bldg. Kichijoji 02.

[http://www.jrf-reit.com/english/portfolio/detail.php?article\\_id=122](http://www.jrf-reit.com/english/portfolio/detail.php?article_id=122)

(Note2) Eligible Green Projects are new or existing properties in JRF portfolio that satisfy any 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. For details of the reporting, please refer to the “JRF’s Green Bond Framework” described in the “Notice Concerning Amendments to Shelf Registration Statement for Green Bond Issuance” dated on April 16, 2018. The contents of the reporting will be disclosed on JRF website as soon as immediately after the issuance of the 12th Bonds. Hereinafter the same.
- 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.

## (3) Amount of funds to be raised, use of proceeds and scheduled timing of expenditure

(a) Amount of funds to be raised (after deducting issuance related expenses <sup>(Note1)</sup> from the payment amount and rounding down to the nearest million) (estimated net proceeds)

7,950 million yen

### (b) Specific use of proceeds and scheduled timing of expenditure

JRF will use the proceeds to repay the long-term borrowings described in “2. Early Repayment of Borrowings (1) Description of debt to be early repaid” below on May 31, 2018 before the repayment date.

(Note1) In addition to normal issuance related costs, the expenses to obtain a second-party opinion and an R&I Green Bond Assessment are required for the issuance of Green Bond.

## (4) Investors who declared investment in the 12th Bonds

Listed below are investors who declared investment in JRF's 12th Investment Corporation Bonds (JRF Green Bonds) by today.

- AISIN SEIKI Co., Ltd.
- Kansai University
- Mitsubishi UFJ Trust and Banking Corporation
- Nippon Life Insurance Company
- Shikoku Labour Bank
- Taiyo Life Insurance Company
- THE OITA BANK, LTD.
- The Toa Reinsurance Company, Limited
- The 77 Bank, Ltd.
- Tokio Marine & Nichido Fire Insurance Co., Ltd.

(Note) In alphabetical order

## 2. Early Repayment of Borrowings

## (1) Description of debt to be early repaid

Lender	Loan Amount	Loan Term	Interest Rate		Borrowing Date	Repayment Date	Early Repayment Borrowing Date	Method of Borrowing, Repayment of Principal
MUFG Bank, Ltd. Sumitomo Mitsui Trust Bank, Limited	¥8,000 million	1.4 year	Floating	Base interest rate (JBA 1-month yen TIBOR) + 0.15%	July 31, 2017	December 28, 2018	May 31, 2018 (Anticipated)	Unsecured and unguaranteed, lump sum repayment

## (2) Funds for repayment

JRF will repay the debt with funds raised by the 12th Bonds described in “1. Issuance of the Investment Corporation Bonds (Green Bonds) (1) Investment corporation bonds to be issued” above and cash on hand.

## 3. Status of Interest-Bearing Debt After Refinance (as of May 31, 2018 (Anticipated))

(Yen in millions)

	Before	After	Variation
Short-Term Borrowings	5,000	5,000	0
Total Short-Term Interest-Bearing Debt	5,000	5,000	0
Long-Term Borrowings	371,491	363,491	-8,000
Corporate Bonds	29,500	37,500	+8,000
Total Long-Term Interest-Bearing Debt	400,991	400,991	0
<b>Total Borrowings and Corporate Bonds</b>	<b>405,991</b>	<b>405,991</b>	<b>0</b>

(Note) Long-term borrowing amount includes the current portion of long-term borrowings.

## 4. Future Outlook

There will be minimal impact on our operating results for the August 2018 fiscal period (from March 1, 2018 to August 31, 2018) and February 2019 fiscal period (from September 1, 2018 to February 28, 2019); thus, we have made no revision to our forecasts.