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Notice Concerning Submission of Revised Shelf Registration Statement for the Issuance of Sustainability 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 29, 2021) for the issuance of Japan Prime Realty Investment Corporation 27th Series of Unsecured Investment Corporation Bonds (with special pari passu conditions among specified investment corporation bonds) (Sustainability Bonds) (the “Sustainability Bonds”; also known as “JPR Sustainability 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 Sustainability 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 Sustainability Bond Structuring Agents (Note 1) and the lead managers for the issuance of the Sustainability Bonds and to examine the viability of issuing the Sustainability Bonds and the issue terms such as interest rates.

In accordance with the Sustainability Finance Framework (hereinafter referred to as the “Framework”; please see the attached Exhibit for details), JPR plans to use all the proceeds from the Sustainability Bonds to make repayments of loans taken out to acquire specified assets that meet the criteria of Eligible Sustainability Assets (please see the attached Exhibit for the definition).

Name of Eligible Sustainability Asset	Green eligibility criteria	Social eligibility criteria
Otemachi Financial City North Tower	DBJ Green Building Certification: 4 Stars October 21, 2021 (new acquisition)	Community disaster prevention Barrier-free facilities

(Note 1) Sustainability Bond Structuring Agent refers to a party who supports the issuance of sustainability bonds through the preparation of a Sustainability Bond Framework, the advice in acquiring a second-party opinion, and so forth, upon issuance of the Sustainability Bonds.

2. Purpose and Background of the Issuance of the Sustainability Bonds

Amid a global increase in awareness of sustainability such as ESG (Environment, Social, and Governance) issues in recent years, 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 decided to establish the Framework in order to realize these principles and goals based on the belief that establishment of "Sustainability Finance Framework" is indispensable for its further ESG initiatives and that such will eventually contribute to the enhancement of unitholder value.

Through the issuance of the Sustainability Bonds, JPR seeks to further promote ESG initiatives and boost demand among investors who are interested in ESG investment. With such, JPR intends to strengthen the financial base by expanding JPR's investor base and diversifying fundraising methods.

3. Eligibility of the Sustainability Bonds

In order to implement sustainability finance, etc. (Note 2) including issuance of sustainability bonds, JPR established the Framework based on the Sustainability Bond Guidelines 2021 (Note 3), the Green Bond Principles 2021 (Note 4), the Social Bond Principles 2021 (Note 5), the Green Loan Principles 2021 (Note 6), the Green Bond Guidelines 2020 (Note 7), and the Green Loan and Sustainability Linked Loan Guidelines 2020 (Note 8).

JPR has obtained SU1(F) rating, the highest in the "JCR Sustainability Finance Framework Evaluation" (Note 9) from Japan Credit Rating Agency, Ltd. (JCR), as a third-party evaluation for the Framework, and the Sustainability Bonds will be issued in accordance with the Framework. The details of "JCR Sustainability Finance Framework Evaluation" and such are available on JCR's website (<https://www.jcr.co.jp/greenfinance/>).

In connection with the third-party evaluation, JCR has received a grant notification stating that JCR is eligible for a subsidy under the Ministry of Environment's FY2021 Financial Support Program for Green Bond Issuance (Note 10).

Please refer to the attached Exhibit for the details of the Framework.

(Note 2) "Sustainability finance, etc." refers to sustainability finance and green finance separately or collectively. For the definitions of sustainability finance and green finance, please refer to the attached Exhibit.

(Note 3) The Sustainability Bond Guidelines 2021 are guidelines on the issuance of sustainability bond formulated by the International Capital Market Association (ICMA).

(Note 4) The Green Bond Principles 2021 are guidelines on the issuance of green bond formulated by the Green Bond Principles and Social Bond Principles Executive Committee, which is a private sector organization for which the International Capital Market Association (ICMA) serves as Secretariat (the "GBP").

(Note 5) The Social Bond Principles 2021 are guidelines on the issuance of social bonds formulated by the Green Bond and Social Bond Principles Executive Committee, which is a private sector organization for which the International Capital Market Association (ICMA) serves as secretariat.

(Note 6) The Green Loan Principles 2021 are guidelines for loans limited to uses in the environmental field formulated by the Loan Market Association (LMA) and others in accordance with the GBP (the "GLP"). Under the principles, "Green Loans" are various types of loans in which all of the proceeds are used solely for the initial investment or refinancing of all or part of a new or existing green project.

(Note 7) The Green Bond Guidelines 2020 is the Green Bond Guidelines 2017 edition formulated by the Ministry of the Environment in March 2017 for practitioners of Japanese market officials, subsequently revised in March 2020 to be maintained as guidelines in coordination with international perspectives to promote Japan's green bond market while giving consideration to the consistency with the GBP.

(Note 8) The Green Loan and Sustainability Linked Loan Guidelines 2020 are guidelines formulated and announced by the Ministry of the Environment in March 2020 for the purpose of promoting green loans and sustainability-linked loans. The guidelines were developed with due consideration given to consistency with the GLP and the Sustainability Linked Loan Principles formulated in 2019.

(Note 9) The JCR Sustainability Finance Framework Evaluation is a third-party evaluation conducted by the JCR to assess a framework for sustainability finance with respect to the degree to which funding provided in the form of sustainability finance is appropriated to social or

green projects as defined by the JCR, the quality of administrative and operational management regarding the use of the funding, and the level of efforts to ensure transparency therein. Ratings assigned in the JCR Sustainability Finance Framework Evaluation have “(F)” at the end to distinguish from those assigned to specific bonds and loans.

(Note 10) Financial Support Program for Green Bond Issuance grants subsidies to registered issuance supporters that provide support to companies, local governments, etc. that intend to issue green bonds, etc. to cover the cost of such support, including the provision of an external review and consulting on the development of a Green Bond framework. The requirements for eligible green bonds, etc. are as follows: in the case of green bonds, all proceeds must be allocated to green projects; in the case of sustainability bonds, 50% or more of proceeds must be allocated to green projects; and all of 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 green bonds, etc.

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 effects and effects on 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 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 framework for the green bonds, etc. is in compliance with the Green Bond Guidelines.

(iii) The bonds are not merely “greenwashed,” meaning that they are called green bonds, etc. despite the proceeds are used for projects that actually do not have positive environmental impact or the proceeds are not appropriately used for environmental projects.

<Attachment>

Exhibit Japan Prime Realty Investment Corporation Sustainability Finance Framework

Exhibit **Japan Prime Realty Investment Corporation Sustainability Finance Framework**

JPR established a sustainability finance framework (the “Framework”) based on the Sustainability Bond Guidelines 2021, the Green Bond Principles 2021, the Social Bond Principles 2021, the Green Loan Principles 2021, the Green Bond Guidelines 2020, and the Green Loan and Sustainability Linked Loan Guidelines 2020 in order to implement sustainability finance and green finance (sustainability finance and green finance are collectively the “Sustainability Finance, etc.”).

1. Purpose and Background of Establishing the Sustainability Finance Framework

Amid a global increase in awareness of sustainability such as ESG (Environment, Social, and Governance) issues in recent years, 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 decided to establish the Framework in order to realize these principles and goals based on the belief that establishment of “Sustainability Finance Framework” is indispensable for its further ESG initiatives and that such will eventually contribute to the enhancement of unitholder value.

Through the implementation of Sustainability Finance, etc., JPR seeks to further promote ESG initiatives and boost demand among investors who are interested in ESG investment. With such, JPR intends to strengthen the financial base by expanding JPR’s investor base and diversifying fundraising methods.

2. Use of Procured Proceeds

(1) Use of proceeds

Proceeds from Sustainability Finance, etc. (the “Proceeds”) will be used to fund acquisition of specified assets (Eligible Green Assets (as defined below) for green finance; and Eligible Sustainability Assets (as defined below) for sustainability finance), to fund renovation work (as defined below) of Eligible Green Assets, and to fund refinancing of loans and investment corporation bonds necessary for the acquisition of target specified assets.

(2) Eligible assets

Eligible Green Assets are assets that meet the green eligibility criteria described below. Eligible Sustainability Assets are assets that meet both of “A. Green buildings” of the green eligibility criteria and social eligibility criteria described below (Eligible Green Assets and Eligible Sustainability Assets are collectively the “Eligible Assets.”).

Green eligibility criteria

A. Green buildings

Assets which have received or will receive certification under either of the following standards.

- ① DBJ Green Building Certification (Note 1): 3 Stars, 4 Stars or 5 Stars
- ② Certification for CASBEE for Real Estate (Note 2): B+ Rank, A Rank or S Rank

③ BELS Certification (Note 3): 3 Stars, 4 Stars or 5 Stars

④ LEED Certification (Note 4): Silver, Gold or Platinum

(Note 1) “DBJ Green Building Certification” is a five-star scale evaluation system launched by Development Bank of Japan Inc. (“DBJ”), giving certifications to properties with proper care for the environment and society (Green Building), based on the comprehensive scoring model developed by DBJ.

(Note 2) CASBEE (Comprehensive Assessment System for Built Environment Efficiency) is a system for comprehensively assessing and ranking buildings based on their environmental performance with regard to aspects such as the enhancement of environmental quality and performance including indoor comfort and consideration for the landscape, on top of the aspect of environmental consideration such as energy saving and the use of materials and equipment with a lower environmental burden.

(Note 3) BELS (Building-Housing Energy-efficiency Labeling System) is a public evaluation system of which evaluation criteria have been set by the Ministry of Land, Infrastructure, Transport and Tourism. It evaluates and ranks energy-saving performance of buildings based on their primary energy consumption on a five-star scale.

(Note 4) LEED (Leadership in Energy and Environmental Design) is a certification system developed and operated by U.S. Green Building Council (USGBC) to evaluate environmental performance of buildings and cities. Based on the number of points achieved, a project earns one of four LEED rating levels: Certified, Silver, Gold or Platinum.

B. Renovation work

Renovation work which meets either of the following standards and was completed within three years prior to the execution date of Sustainability Finance, etc. or to be completed in the future.

① Reduction of CO₂ emissions or energy consumption by over 30%

② Reduction of water consumption by over 30%

③ New acquisition of either of the certifications specified in “A. Green buildings” above or improvement by one grade or more of acquired such certification

Social eligibility criteria

Among the functions that contribute to solving either of the following social issues, assets with functions that satisfy a certain level or higher in two or more issues.

① Community disaster prevention

② Medical services

③ Child care support

④ Facilities to support startups

⑤ Barrier-free facilities

3. Project Evaluation and Selection Process

(1) Evaluation/selection based on eligibility criteria

Concerning the Eligible Assets for which the Proceeds will be used, the Director and Chief Financial Officer will evaluate and select them after discussions on conformity to the eligibility criteria by the Sustainability Group of the Financial Division at Tokyo Realty Investment Management, Inc. (“TRIM”) and confirmation by the Sustainability Committee for which the CEO serves as the chairperson.

Upon the acquisition of an asset, if there is a concern that the asset could have a negative impact on the environment or society, measures that would minimize the impact, such as discussing solutions to correct risk factors with the seller of the asset as a measure to prevent such impact will be implemented. The acquisition will be approved by a majority of the committee members (CEO, Chief Investment Officer,

Chief Financial Officer and Chief Administrative Officer of TRIM) after confirming legal compliance and such at the Due Diligence Committee based on the view of external third-party organizations.

(2) Procurement process of Sustainability Finance, etc.

Sustainability Finance, etc. will be proposed by the Director and Chief Financial Officer of 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 of TRIM) subject to confirmation of eligibility as Sustainability Finance, etc. Sustainability Finance, etc. will be raised as an agenda item at a meeting of the Sustainability Committee before procurement and will also reported to the committee after procurement.

(3) Method of disclosure of the selection process to investors

The selection process will be stated in JPR's press release and supplements to the shelf registration statement (in case of issuance of investment corporation bonds) for disclosure to investors and lenders.

4. Management of the Proceeds

(1) Management of balance of Sustainability Finance, etc.

The amount of liabilities calculated by multiplying the total acquisition price of Eligible Sustainability Assets by the ratio of interest-bearing liabilities to total assets (as of the end of December each year) (the "Eligible Sustainability Liabilities") will be set as the maximum amount of Sustainability Finance.

The amount of liabilities calculated by multiplying the total acquisition price of green buildings among the Eligible Green Assets by the ratio of interest-bearing liabilities to total assets (as of the end of December each year) (the "Eligible Green Liabilities") will be set as the maximum amount of Green Finance. The acquisition prices of Eligible Green Assets that are also Eligible Sustainability Assets will be deducted from the total acquisition price of green buildings and be excluded from the calculation of Eligible Green Liabilities.

(2) Appropriation plan of the Proceeds

The Proceeds will be appropriated to predetermined purposes promptly, within about two months of procurement.

(3) System and method of tracking and managing the Proceeds

When funds are procured, they will be appropriated to predetermined purposes. However, if the Proceeds are not appropriated temporarily, the Proceeds will be held as cash or cash equivalents until the Proceeds are appropriated for the purpose.

(4) Internal management and external audit of the Proceeds

TRIM conducts periodical external and internal audits. Concerning overall accounting including matters on fund procurement, JPR receives external audits from an auditing company.

(5) Management of documents relating to the Proceeds

The bankbook of the account for receiving the Proceeds is kept by Mizuho Trust & Banking Co., Ltd., the asset custodian. TRIM confirms the details of deposits and withdrawals on an electric terminal using an EB (Electronic Banking) system.

5. Reporting

(1) Reporting on the status of appropriation of funds

JPR will, as long as the Proceeds are outstanding, disclose on its website the status of appropriation of the Proceeds and that the balance of the Proceeds does not exceed Eligible Sustainability Liabilities and Eligible Green Liabilities, as of the end of December each year.

(2) Reporting on positive environmental impacts

JPR will, as long as the Proceeds are outstanding, disclose on its website the following items as of the end of December each year.

- ① Number of properties classed as Eligible Assets
- ② The levels of third-party certifications acquired by each Eligible Green Asset
- ③ The total amount of floor area of Eligible Assets
- ④ Energy consumption*
- ⑤ CO₂ emissions*
- ⑥ Water consumption*
- ⑦ Positive impact of renovation work

*As to indicators ④ to ⑥, 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.

(3) Reporting on social benefits

JPR will, as long as the Proceeds are outstanding, disclose on its website the following items as of the end of December each year.

Output indicators	Overview of subject properties and facilities
Outcome	<ul style="list-style-type: none"> ①Community disaster prevention <ul style="list-style-type: none"> •Acceptable number of people unable to return home •Amount of emergency stockpile ②Medical services <ul style="list-style-type: none"> •Contents of available medical services ③Child care support <ul style="list-style-type: none"> •Contents of available services ④Facilities to support startups <ul style="list-style-type: none"> •Contents of available services ⑤Barrier-free facilities <ul style="list-style-type: none"> •Contents of available services
Impact	Initiative on collaboration with local communities through assets JPR owns; and contribution to enhancing the brand value of the entire area

(4) Reporting in the event of a change in the status

In the event that unappropriated funds arise due to a material ex-post change in the initial appropriation status of the Proceeds, JPR will disclose such on its website.