

December 22, 2022

For Immediate Release

Real Estate Investment Trust Securities Issuer
1-1-1 Akasaka, Minato-ku, Tokyo
XYMAX REIT Investment Corporation(XYMAX REIT)
Representative: Shotaro Kanemitsu, Executive Director
(Securities Code: 3488)

Asset Management Company
XYMAX REAL ESTATE INVESTMENT ADVISORS Corporation
Representative: Shotaro Kanemitsu
Representative Director and President
Contact: Tatsuya Nakayama
Head of REIT Management Division
TEL: +81-3-5544-6880

Notice Concerning Formulation of Green Finance Framework
and Acquisition of Green Finance Framework Evaluation

XYMAX REIT Investment Corporation (“XYMAX REIT”) today announced that it formulated the green finance framework (the “Framework”) and acquired third-party evaluation.

1. Purpose and Background of the Formulation of the Framework

XYMAX Real Estate Investment Advisors Corporation (the “Asset Management Company”) will strive to give consideration to sustainability under the slogan of "Scientific Building Management" and to provide information and services that contribute to this to our stakeholders. In addition, as an asset management company of real estate investment corporations and other entities, we recognize that appropriate management of risks and opportunities related to the environment (Environment), society (Society), and governance (Governance) ("ESG") is essential for real estate management that combines profitability, stability, and continuity. We will establish an ESG policy and implement it through the real estate investment management business of XYMAX REIT with the aim of maximizing unitholder value.

XYMAX REIT and the Asset Management Company have decided to formulate the Framework with aims to strengthen the funding platform by expanding the ESG investor base, along with promoting sustainability initiatives, by procuring funds through the Green Bonds or Green Loan (the “Green Finance”). Mizuho Securities Co., Ltd. was mandated as Structuring Agent (Note) in connection with formulating the Framework and obtaining third-party evaluation.

(Note) “Structuring Agent” refer to agent that assists implementation of Green Finance through the formulation of the Framework and obtaining third-party evaluation.

2. Overview of the Framework

(1) Use of funds

A. Eligible Projects for Investment

Procured funds through the Green Finance based on this Framework will be used for the acquisition of eligible green assets and renovation work that meet the following eligibility criteria, as well as for the repayment and redemption of loans or investment corporation bonds required for them.

B. Eligibility Criteria

Eligible green assets refer to buildings that meet either Eligibility Criteria-1 or Eligibility Criteria-2.

a. Eligibility Criteria-1

Assets that have achieved or will achieve any following certification

(i) CASBEE Certification: Rank B+, A, or S

(ii) BELS Certification: 3 stars, 4 stars or 5 stars

(iii) DBJ Green Building Certification: 3 stars, 4 stars or 5 stars



(iv) LEED Certification: Silver, Gold or Platinum

b. Eligibility Criteria-2

Renovation work that meets any of the following (i) to (iii)

(i) Renovation work intending to improve the number of stars or the rank by one or more for any Green Eligibility Criteria-1 (green building) certification.

(ii) Renovation work under management with the objective to enhance energy efficiency, reduce water usage, and any other environmental improvements (expected to reduce consumption or emissions by 30% or more compared to previous levels).

(iii) Installation or acquisition of equipment related to renewable energy.

(2) Process for evaluation and selection of projects

At the Asset Management Company, the REIT Management Division will select the Eligible project that will use the procured funds, and the ESG Promotion Committee attended by the ESG Chief Officer, the ESG Operating Officer, Full-time Directors and Compliance Officer will discuss and confirm conformity with the eligibility criteria. Subsequently, the board of directors, etc. resolves the appropriation of funds procured through Green Finance in accordance with the rules of XYMAX REIT and the Asset Management Company.

(3) Management of Procured Funds

Once the procured funds are transferred to the designated account, the REIT Management Division of the Asset Management Company will immediately instruct the asset custodian where to remit the funds, except when the loan is directly deposited in the repayment account in the case of repayment of the loans or the bonds required for the acquisition of the eligible green assets.

The REIT Management Division plans to regularly track and manage the funds procured through Green Finance based on the Framework so that the funds raised will be used to pay for the eligible project by using internal systems, etc. Until the entire amount of Green Finance proceeds are allocated to eligible green assets, such unallocated funds will be managed in cash or cash equivalents (certificate of deposit).

Even if the eligible green assets to which the funds procured through Green Finance based on the Framework are sold or if the eligible green assets do not meet the eligibility criteria for some reason, the amount calculated by multiplying the total acquisition price of owned properties that meets Green Eligibility Criteria-1 by LTV (Loan to Value/interest-bearing debt ratio) of total assets as of the end of the most recent fiscal period, and the total amount of renovation works that meet Green Eligibility Criteria-2, as the amount is set as the "upper limit of Green Finance", and the balance of green finance is managed so that it does not exceed the upper limit.

(4) Reporting

XYMAX REIT plans to report the following contents on the XYMAX REIT's website at least once a year to the extent reasonably practicable. Any significant changes involving initially allocated funds that generate unallocated funds are disclosed on the XYMAX REIT's website upon seeking approval from the Asset Management Company.

A. Reporting on funding status

a. Appropriation status of the funds until the entire amount of the funds is fully applied to the projects that meet the eligibility criteria.

b. As long as the Green Finance balance exists, the Green Finance balance does not exceed the upper limit of green finance.

B. Impact reporting

a. About projects that meet Green Eligibility Criteria-1

(i) Acquisition of environmental certifications (Acquisition type, grade/rank, number of assets, Acquisition rate)

(ii) Energy consumption (kWh)

(iii) Greenhouse gas emissions (t-CO₂)

(iv) Water usage (m³)

(v) Amount of waste (t)

b. About projects that meet Green Eligibility Criteria-2

(i) Outline of equipment renovation work (target property, construction amount, implementation time, etc.)

(ii) Quantitative index of the following items that are expected to have a reduction effect

I. Energy consumption (kWh)



II. Greenhouse gas emissions (t-CO₂)

III. Water usage (m³)

3. Third-party evaluation

As a third-party evaluation of the Framework, XYMAX REIT has been assigned “Green 1 (F),” the highest evaluation grade in the JCR Green Finance Framework Evaluation by Japan Credit Rating Agency, Ltd. (“JCR”). For details of the Green Finance Framework Evaluation, please refer to the following website.

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

* XYMAX REIT website address: <https://xymaxreit.co.jp/en/index.html>