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FOR IMMEDIATE RELEASE

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Notice Concerning Submission of Amendment to the Shelf Registration Statement related to Issuance of Green Bonds

Activia Properties Inc. (“API”) announces that it has submitted today an amendment to the shelf registration statement initially submitted on September 26, 2017 related to issuance of green bonds (unsecured investment corporation bonds) (“Green Bonds”) or “API Green Bonds”.

In preparation for the issuance of the Green Bonds, Sustainalytics Japan (“Sustainalytics”), a registered issuance supporter, had received from Green Finance Organisation a notice of decision on the subsidy to be granted by Financial Support Programme for Green Bond Issuance 2018 of Ministry of the Environment (Note).

(Note) “Financial Support Programme for Green Bond Issuance 2018 by Ministry of the Environment” is a program that provides subsidies for the expenses incurred by registered issuance supporter that support firms, municipalities and other bodies who seek to issue green bonds in granting external review, consultation on establishing a green bond framework, etc. The requirements for the eligible green bonds are that the entire proceeds of the bonds are to be allocated for the green projects and it satisfies all the following items at the time of issuance.

- (i) The characteristics of project fall into any of the following:
 - 1) A project that contributes mainly to domestic decarbonization (renewable energy, energy efficiency, etc.)
 - Projects for which equal to or more than half of the proceeds, or equal to or more than half of the number of projects is domestic decarbonization-related project.
 - 2) A project that has high effects on decarbonization and vitalization of local economy than the specified amount
 - Effects of decarbonization – Those whose subsidy amount per ton of domestic CO2 reduction is less than the specified amount.
 - Effects of 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) The green bond framework has to be confirmed by an external review organization for compliance with the Green Bond Guidelines 2017 before issuance.
- (iii) It is not a so-called “green-wash bond”, a green-labeled bond by which funds raised are used to projects that may not have basically positive impact on environment or serve appropriately environmental purposes.

1. Overview of revised shelf registration statement

API has submitted today to the Director-General of the Kanto Local Finance Bureau an amendment to the shelf registration statement which states the issuance of the Green Bond.

Although the issuance date, amount or other conditions of Green Bonds are not determined yet, API plans to appoint Mizuho Securities Co., Ltd. as lead manager for the issuance of the Green Bonds and

structuring agent (Note) and discuss with them the terms and conditions of the issuance.
 (Note) “Green Bond structuring agent” is one who supports the issuance of green bonds in formulation of a Green Bond Framework and advices on acquiring second-party opinions.

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

API, along with TLC REIT Management Inc., which API entrusts its asset management operations, have been working to maintain the sustainability performance in the management of our properties by adopting different measures for environmental and energy-friendliness, in collaboration with the property managers and external parties.

As the result of such efforts, API was selected as “Sector Leader” of Office and Retail sector in Asia for two consecutive years in the Global Real Estate Sustainability Benchmark (GRESB) assessment conducted in 2018. Also, it was recognized for five consecutive years since 2014 (participation from 2013) with “Green Star”, a title for entities highly evaluated on both the “Management & Policy” and the “Implementation & Measurement” sections, and also “5 Stars”, the highest rating, in GRESB Rating which is a relative evaluation of the overall GRESB score among the global participants.

In addition, in GRESB Public Disclosure, which evaluates the disclosure level of ESG related information commenced in 2017, API acquired the highest rating “A”.

GRESB is a benchmark assessment for sustainability considerations of the real estate firms and management companies established by European pension funds, and utilized by major investors in Asia, Europe and North America to select their investments.

For the details of the GRESB, please refer to “Notice Concerning the Results of GRESB Real Estate Assessment: Selected as “Sector Leader” for two consecutive years and acquired the “Green Star” for five consecutive years” released on September 21, 2018.



Assessment conducted and announced in 2018

- **“Sector Leader” for two consecutive years** in the **“Diversified – Office/Retail”** sector for the **Asia region**
- **Obtained the highest grade of “5 Stars”** in the **GRESB rating based on global ranking of overall score**

- ◆ **Since participating in 2013, we have obtained the highest grade of “Green Star” for five consecutive years from 2014**
- ◆ **Obtained the highest grade of “A” in the GRESB Public Disclosure assessment**

API also proactively promotes efforts toward green buildings through achievements of environmental certifications for the properties held. As of January 17, 2019, eight of API’s properties have been recognized with DBJ Green Building certification (Note 1), and six have obtained recognition for BELS (Building-Housing Energy-efficiency Labeling System) (Note 2). In addition, 16 of our properties have been accredited by Certification for CASBEE (Comprehensive Assessment System for Built Environmental Efficiency) for Real Estate (Note 3), and all of those properties have been awarded highest or high ratings in each evaluation.

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

(Note 2) “BELS” 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.

(Note 3) “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. Overview of Green Bond Framework

(1) Use of proceeds

The proceeds of the Green Bonds will be allocated to funds for (i) acquisition of the Eligible Green Projects which are existing or new buildings that meet the item A of the eligibility criteria defined below in (2), (“Eligible Criteria”), or (ii) refurbishments that meet the item B of the Eligible Criteria, or (iii) refinancing the existing loans/investment corporation bonds which have been allocated to acquisition of Eligible Green Projects or refurbishments.

(2) Eligibility Criteria

A. Eligible Green Projects

Buildings that have achieved the following top two levels of one or more of the third-party green building certification/recertification listed below within 36 months prior to the payment date of Green Bonds or will achieve:

- A or S Rank under Certification for CASBEE for Real Estate
- 4 or 5 Stars under DBJ Green Building Certification
- 4 or 5 Stars under BELS

B. Refurbishments

Refurbishments with a primary purpose of achieving one of the following criteria and are completed within 36 months prior to the payment date of green bond or will be completed:

- Refurbishments with more than 10% reduction in CO2 emissions or energy consumption
- Refurbishments with more than 10% reduction in water consumption
- Newly achieve the top two levels of one or more of the green building certifications listed in above A or more than one level of star/rank improvement in such certifications

API expects that an active effort toward issuance of the Green Bonds which may lead to achievement of higher levels of the green certifications will contribute to further promote its sustainability initiatives. To this end, as first J-REIT, API has set the eligible criteria with the levels of third-party green building certification/recertification tightened to the top two levels.

(3) Management of proceeds

API extracts the Eligible Green Projects out of API’s portfolio and calculates the debts of Eligible Green Projects by multiplying the calculable total book value of the Eligible Green Projects as of the end of the financial period immediately preceding each date of bond issuance (i.e. November 30, 2018, if the payment date is today) by its LTV (Loan to Value / based on interest-bearing debt to total assets) ratio as of the end of the period defined above. API will then monitor to ensure that the total amount of outstanding Green Bonds does not exceed the debts of Eligible Green Projects.

The debts of Eligible Green Projects as of November 30, 2018 is approximately 117.0 billion yen (total book value of Green Eligible Projects of approximately 261.5 billion yen multiplied by LTV ratio based on total assets of 44.8%)(Note).

(Note) Amounts are rounded down to the nearest unit.

(4) Reporting

API will disclose on its website the list of Eligible Green Projects or financed/refinanced refurbishments, allocation status including the amount of unallocated proceeds, allocation schedule and managing method of net proceeds of Green Bonds, total book value of Eligible Green Projects, debts of Green Eligible Projects and amount of unredeemed Green Bonds as of the end of May each year.

As long as there is an unredeemed balance of the relevant Green Bonds, API will also annually disclose the summary, progress and levels of certifications of Eligible Green Projects. Additionally, API will annually disclose the following indicators of Eligible Green Projects where API has energy control authority:

- Energy consumption
- CO2 emissions
- Water consumption
- Amount of industrial waste generated

4. Review of an external entity

With respect to the eligibility of API's Green Bond Framework (Note), it has been reviewed by Sustainalytics which has issued a second-party opinion with regard to the credibility. For details of the second party opinion, please refer to below URL.

https://www.sustainalytics.com/wp-content/uploads/2019/01/Activia-Properties_Green-Bond-Framework-and-SPO_Final.pdf

(Note) A Green Bond Framework is eligible when it aligns with following four components of the Green Bond Principles 2018; Use of Proceeds, Process for Project Evaluation and Selection, Management of Proceeds and Reporting.

*Website of API: <https://www.activia-reit.co.jp/en/>

<Reference> List of API's Green Eligible Projects

Certification	Property no.	Property name	Address	Acquisition date of certification	Rank	Book value at the end of the period (¥ millions) (Note 1)
DBJ Green Building Certification (4 or 5 Stars)						
UR-1		Tokyu Plaza Omotesando Harajuku	Shibuya, Tokyo	February 13, 2017	★★★★	44,757
TO-9		A-PLACE Gotanda	Shinagawa, Tokyo	February 13, 2017	★★★★	5,529
TO-11		OSAKI WIZTOWER	Shinagawa, Tokyo	February 13, 2017	★★★★★	10,713
TO-12		Shiodome Building	Minato, Tokyo	March 28, 2017	★★★★★	71,141
Subtotal of 4 properties					-	132,141
Certification for CASBEE for Real Estate (A or S Rank)						
UR-3		Q plaza EBISU	Shibuya, Tokyo	March 17, 2016	A (★★★★)	8,251
UR-6		A-FLAG AKASAKA (Note 2)	Minato, Tokyo	March 27, 2017	S (★★★★★)	3,070
UR-9		A-FLAG SHIBUYA	Shibuya, Tokyo	March 27, 2017	A (★★★★)	6,358
TO-1		TLC Ebisu Building	Shibuya, Tokyo	October 1, 2018	A (★★★★)	7,289
TO-2		A-PLACE Ebisu Minami	Shibuya, Tokyo	March 17, 2016	S (★★★★★)	9,411
TO-4		A-PLACE Aoyama	Minato, Tokyo	March 17, 2016	A (★★★★)	8,615
TO-5		Luogo Shiodome	Minato, Tokyo	March 17, 2016	S (★★★★★)	4,256
TO-10		A-PLACE Shinagawa	Minato, Tokyo	November 25, 2016	A (★★★★)	3,787
TO-13		A-PLACE Ebisu Higashi	Shibuya, Tokyo	October 1, 2018	A (★★★★)	7,112
TO-14		A-PLACE Shibuya Konnoh	Shibuya, Tokyo	October 1, 2018	A (★★★★)	4,970
TO-16		A-PLACE Shinagawa Higashi	Minato, Tokyo	October 1, 2018	S (★★★★★)	18,876
TO-17		A-PLACE Shinbashi Ekimae (Note 3)	Minato, Tokyo	March 27, 2017	A (★★★★)	20,921
AA-2		icot Nakamozu	Sakai, Osaka	March 27, 2017	A (★★★★)	8,137
AA-4		icot Mizonokuchi	Kawasaki, Kanagawa	March 17, 2016	S (★★★★★)	2,629
AA-7		Osaka Nakanoshima Building	Osaka, Osaka	November 25, 2016	S (★★★★★)	10,970
AA-9		Market Square Sagamihara	Sagamihara, Kanagawa	May 31, 2016	S (★★★★★)	4,709
Subtotal of 16 properties					-	129,368
Total of Eligible Green Projects						261,510

(Note 1) Refers to the book value as of November 30, 2018 of each asset, rounded down to the nearest million yen.

(Note 2) Regarding the trust beneficiary co-ownership interests in A-FLAG AKASAKA, API and ORB Limited Liability Company concluded sales contracts with the sale dates of March 1, 2019 (50% co-ownership interest) and June 3, 2019 (50% co-ownership interest).

(Note 3) On June 1, 2018, the property name was changed from "Shinbashi Place" to "A-PLACE Shinbashi Ekimae". Its property number and asset category have been also changed from UR-4 and Urban Retail properties to TO-17 and Tokyo Office properties, respectively on the same day.