

GLP J-REIT Green Finance Framework

1 Use of Proceeds

1.1 Eligible Green Projects

Eligible Green Projects are assets or projects that satisfy either of the following requirements.

■ Eligible Green Project Criteria

Green buildings (Eligible Green Project category : Green Building)

New, existing or refurbished buildings with at least one certification in the following categories.

- i) DBJ Green Building Certification (Japan): five, four or three stars
- ii) CASBEE (Japan): S, A or B+
- iii) BELS (Japan): five, four or three
- iv) LEED (U.S.): Platinum, Gold or Silver

■ Power generation facilities utilizing renewable energy

1.2 Sustainability investment policy based on long-term vision

GLP Group to which the sponsor of GLP J-REIT belongs has established the "Environmental, Social and Governance (ESG) principles" and has an overarching commitment to integrate sustainability into the heart of its business practice.

「Our ESG Principles」 (excerpt)

- 2) Embedding material ESG risks and opportunities into decision-making
- 5) Maximizing supply chain efficiency and meeting the needs of domestic consumption-led growth in our core markets
- 7) Taking the lead in building better communities
- 8) Creating a culture of entrepreneurial value creation
- 9) Protecting and enhancing the environment across all of our operations
- 11) Promoting Energy Efficiency & Renewables
- 12) Building sustainably certified new developments

In accordance with the above policy, GLP J-REIT actively engages in CSR activities in full coordination with the GLP Group. Efforts are being made to obtain environmental certifications for its properties such as under the DBJ Green Building, CASBEE, BELS, and LEED certification programs.

1.3 Financing Method and Projects to Invest in

Financing method: Green bonds or loans

Projects: Eligible Green Projects, which are defined as those that satisfy the Eligible Green Project Criteria ; Proceeds raised are used as funding for acquiring the projects or for the refinancing of such funding

2 Project Selection Process

2.1 Environmental and Social Goals to be Achieved through Green Finance

GLP J-REIT's Green finance aims to achieve at least one of the following goals: 2) Embedding material ESG risks and opportunities into decision-making, 5) Maximizing supply chain efficiency and meeting the needs of domestic consumption-led growth in our core markets, 7) Taking the lead in building better communities, 8) Creating a culture of entrepreneurial value creation, 9) Protecting and enhancing the environment across all of our operations, 10) Supporting livelihood opportunities in the communities we work in, 11) Promoting Energy Efficiency & Renewables, and 12) Building sustainably certified new developments.

2.2 Project Evaluation / Selection Process

Eligible Green Projects for green finance investment are evaluated and selected by the Sustainability Task Force of GLP J-REIT's asset manager, GLP Japan Advisors, based on "2.1 Types of Projects Eligible to Green Finance Investment", the Asset Management Guidelines and relevant internal regulations by GLP Japan Advisors, and the GLP group's Environmental, Social and Governance (ESG) principles.

The acquisition of properties is subject to the due diligence process conducted by the Investment Department. It is made mandatory to include items concerning environmental protection (including environmental performance certifications and ratings obtained) in the checklist and evaluate them in the due diligence process.

Final decisions on the acquisition of properties are made through an internal approval process, in which the President is the final decision maker, by means of a resolution of the Investment Committee comprised of the President, CFO, CIO, and Compliance Officer of GLP Japan Advisors, as well as of external members.

2.3 Project Evaluation / Selection Process

Eligible Green Projects are evaluated and selected by the Sustainability Task Force of GLP J-REIT's asset manager, GLP Japan Advisors which is composed of the President, Head of the Investments Department, Head of Corporate Planning Department and others.

The Corporate Planning Department proposes the green finance, and Sustainability Task Force will consider

the selection of properties for funding and the allocation plan for funds procured through green finance.

As in the case of ordinary finance (taking out of loans, issuance of investment corporation bonds), green finance is executed in the following process:

- Green bonds

Green bonds are issued subject to the adoption of the relevant comprehensive resolution by the Investment Committee and the Board of Officers.

- Green loans

Loan agreements are concluded subject to approval by the Investment Committee.

2.4 Measures to Prevent Negative Impacts on the Environment

GLP J-REIT is seeking to minimize the negative impacts its facilities may have on the environment, for instance, requiring the seller of a facility planned for acquisition to take appropriate measures to reduce any negative impact on the environment when there is such concern.

2.5 Disclosure to Investors of the Selection Process

GLP J-REIT plans to disclose the selection process to investors through its news releases as well as in evaluation reports prepared by Japan Credit Rating Agency, Ltd. (JCR) (supplements to the shelf registration statement filed with the local finance bureau in the case of green bonds).

3 Management of Proceeds

3.1 Management of Green Finance Balance

The upper limit of green finance (limit of the "Debts of Eligible Green Projects") shall be the amount calculated by multiplying the total acquisition cost of the Eligible Green Projects by the ratio of actual interest-bearing debt to total assets as of the end of the latest fiscal period that can be calculated on the payment date or loan date of each investment corporation bond, or as of the end of every February.

Eligible Green Projects that also fall under the definition of Eligible Sustainability Projects under GLP J-REIT's Sustainability Finance Framework are included in the total value of Eligible Green Projects as well as that of Eligible Sustainability Projects. Any amount of funding provided for those projects in the form of sustainability finance or green finance is included in calculating the outstanding balance of sustainability finance as well as that of green finance. The presence of such overlaps, i.e., amounts included in the total value and the outstanding balance of finance for both type of eligible assets, is disclosed in notes.

3.2 Appropriation Plan for Fund Raising

GLP J-REIT is committed to allocating all the proceeds from the Green Financing towards funding the acquisition of the Eligible Green Projects or refinancing the relevant fund within one month after the financing.

3.3 Tracking Methodologies of Procurement Funds

Once the proceeds from Green finance are received, the person in charge in the Corporate Planning Department will transfer the entire amount to the seller as the funds for the acquisition of the property or transfer the funds for the redemption and repayment of the investment corporation bonds or loans to the account at a predetermined date. In order to carry out the above process, the president made final internal decisions in advance.

The proceeds received will be held in cash or cash equivalent until they are appropriated for the acquisition.

3.4 Internal and External Audits of Fund Procurement

The Asset Management Company regularly conducts internal and external audits. It also undergoes external audits of its overall accounting.

3.5 Management of Documents Relating to Procurement Fund

The passbooks are held by Mitsubishi UFJ Trust and Banking Corporation, which is the asset custodian. GLP Japan Advisors will check and confirm account activity via electronic banking (GLP Japan Advisors is only authorized to view the account).

4 Reporting

4.1 Reporting on the Status of Proceeds

GLP J-REIT will publish the allocation status of the fund proceeds from Green financing on its website. There reports will be published once every year till the outstanding balance of the concerned green financing become zero. Further, as long as there remains any outstanding balance in its Green financing, GLP J-REIT will disclose the following benchmarks as of the end of February of each year on its website.

- Total amount of bond proceeds that has been used
- Unused amount of bond proceeds
- Number of properties under Eligible Green Projects



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4.2 Reporting on Positive Environmental Impacts

The following information is disclosed on the website:

- a. Green Building
 - Level of various environmental certificates obtained
- b. Power generation facilities utilizing renewable energy
 - Annual CO2 reduction effect of the relevant renewable energy-based power generation facility

4.3 Reporting Procedure in the Event of Material Changes in Status

In the event of non-appropriation of funding, for instance, due to the sale of the Eligible Green Project that was to be financed by the funding, GLP J-REIT discloses such facts on its website upon approval from CFO of GLP Japan Advisors.