

Invesco Office J-REIT, Inc.

Type of Engagement: Annual Review

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Introduction

In December 2018, Invesco Office J-REIT, Inc. (“Invesco Office J-REIT” or “the Company”) issued a green bond aimed at financing and refinancing expenditures related to green buildings (the “Green Bond”). In November 2019, Invesco Office J-REIT engaged Sustainalytics to review the project funded through the Green Bond and provide an assessment as to whether the project met the Use of Proceeds criteria and the Reporting commitments outlined in the Invesco Office J-REIT Green Bond Framework (the “Green Bond Framework”).¹

Evaluation Criteria

Sustainalytics evaluated the project funded in 2018 based on whether the project:

1. Met the Use of Proceeds and Eligibility Criteria outlined in the Green Bond Framework; and
2. Reported on the Key Performance Indicators (KPIs) for each Use of Proceeds criteria outlined in the Green Bond Framework.

Table 1 lists the Use of Proceeds and Eligibility Criteria, while Table 2 list the associated the KPIs.

Table 1: Use of Proceeds and Eligibility Criteria

Use of Proceeds	Eligibility Criteria
Green Buildings and Energy Efficiency	<p>Invesco Office J-REIT shall apply one or more of the following criteria to allocate the proceeds into Eligible Green Projects:</p> <ol style="list-style-type: none"> i. Buildings that have achieved certification or recertification by one or more of the following programs within the 36 months preceding the green bond issuance date or will until the maturity date: <ul style="list-style-type: none"> - B+, A or S under Comprehensive Assessment System for Built Environment Efficiency (CASBEE) - 3, 4 or 5 Stars under the DBJ Green Building Certification Program ii. Buildings that reduce CO₂ emission by more than required reduction rate which was set by authority compared to standard emissions volume also set by authority during the most recent fiscal year. iii. Refurbishment with a primary purpose of achieving one or more of the following criteria, completed within 36 months prior to the date of green bond issuance: <ul style="list-style-type: none"> - More than 10% CO₂ emissions or energy consumption reduction - More than 10% in water consumption reduction - More than one level of improvement in the CASBEE Certification or DBJ Green Building Certification

¹ The Invesco Office J-REIT Green Bond Framework and Sustainalytics Second-Party Opinion: https://www.sustainalytics.com/wp-content/uploads/2018/11/Invesco-Office-J-REIT_Green-Bond-Framework-Overview_SPO_Final.pdf.

Table 2: Key Performance Indicators

Key performance indicators	
Green Buildings and Energy Efficiency	<p>Invesco Office J-REIT is committed to disclosing the following quantitative environmental performance indicators as of the end of November each year on its website, during the term that the green bonds are outstanding:</p> <ul style="list-style-type: none"> - The number of buildings on the Eligible Green Properties - The total amount of floor space of the Eligible Green Projects - The following quantitative indicators on the Eligible Green Projects <ul style="list-style-type: none"> • Electricity consumption • Water consumption • CO₂ emissions

Issuing Entity's Responsibility

Invesco Office J-REIT is responsible for providing accurate information and documentation relating to the details of the project that have been funded, including description of the project, estimated and realized costs of the project, and project impact.

Independence and Quality Control

Sustainalytics, a leading provider of ESG and corporate governance research and ratings to investors, conducted the verification of Invesco Office J-REIT's Green Bond Use of Proceeds. The work undertaken as part of this engagement included collection of documentation from employees of Invesco Global Real Estate Asia Pacific, Inc., (the "Asset Manager"), which is entrusted by Invesco Office J-REIT with the authority related to investment and management operations and review of documentation to confirm the conformance with the Green Bond Framework.

Sustainalytics has relied on the information and the facts presented by the Asset Manager on behalf of Invesco Office J-REIT with respect to the Nominated Project. Sustainalytics is not responsible nor shall it be held liable if any of the opinions, findings, or conclusions it has set forth herein are not correct due to incorrect or incomplete data provided by the Asset Manager on behalf of Invesco Office J-REIT.

Sustainalytics made all efforts to ensure the highest quality and rigor during its assessment process and enlisted its Sustainability Bonds Review Committee to provide oversight over the assessment of the review.

Conclusion

Though Sustainalytics acknowledges that Invesco Office J-REIT's measurement date of reported KPIs do not align with the Company's Reporting commitment, it believes this is acceptable considering that there is difficulty in measuring/disclosing the KPIs and receiving the annual review from Sustainalytics before the anniversary of the Green Bond issuance which is 13th Dec 2019. As such, based on the limited assurance procedures conducted,² nothing has come to Sustainalytics' attention that causes us to believe that, in all material respects, the reviewed bond project, funded through proceeds of Invesco Office J-REIT's Green Bond, is not in conformance with the Use of Proceeds and Reporting Criteria outlined in the Green Bond Framework.

² Sustainalytics limited assurance process includes reviewing the documentation relating to the details of the projects that have been funded, including description of projects, estimated and realized costs of projects, and project impact, which were provided by the Issuer. The Issuer is responsible for providing accurate information. Sustainalytics has not conducted on-site visits to projects.

Invesco Office J-REIT has disclosed to Sustainalytics that the proceeds of the Green Bond were fully allocated as of 28 December 2018.

Detailed Findings

Table 3: Detailed Findings

Eligibility Criteria	Procedure Performed	Factual Findings	Error or Exceptions Identified
Use of Proceeds Criteria	Verification of the project funded by the Green bond in 2018 to determine if the project aligned with the Use of Proceeds Criteria outlined in the Green Bond Framework and above in Table 1.	The project reviewed complied with the Use of Proceeds criteria.	None
Reporting Criteria	Verification of the project funded by the Green Bond in 2018 to determine if impact of the project was reported in line with the KPIs outlined in the Green Bond Framework and above in Table 2. For a list of KPIs reported please refer to Appendix 2.	The project reviewed reported on KPIs per Use of Proceeds criteria.	Exception (The reported KPIs were measured through the fiscal year ended March 31, 2019, which is not aligned with the Company's commitment. See the Conclusion for the details and Sustainalytics's view.)

Appendix 1: Project Reviewed

Use of Proceeds Category	Eligibility Criteria	Number of Projects	Type and Level of Certification	Certification Date	Compliance with Use of Proceeds Criteria
Green Buildings and Energy Efficiency	i	1	3 Stars under the DBJ Green Building Certification Program	Within 36 months prior to the green bond issuance	Yes

Appendix 2: Impact Reporting by Eligibility Criteria³

Number of Buildings	Total Amount of Floor Space (m ²)	Electricity Consumption (MWh)	Water Consumption (m ³)	CO ₂ Emissions (t)	Compliance with Reporting Criteria
1	67,581	5,181	55,265	5,878	Yes

³ Electricity Consumption, Water Consumption, and CO₂ Emissions are figures of the fiscal year ended March 31, 2019.

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Sustainalytics

Sustainalytics is a leading independent ESG and corporate governance research, ratings and analytics firm that supports investors around the world with the development and implementation of responsible investment strategies. With 13 offices globally, the firm partners with institutional investors who integrate ESG information and assessments into their investment processes. Spanning 30 countries, the world's leading issuers, from multinational corporations to financial institutions to governments, turn to Sustainalytics for second-party opinions on green and sustainable bond frameworks. Sustainalytics has been certified by the Climate Bonds Standard Board as a verifier organization, and supports various stakeholders in the development and verification of their frameworks. In 2015, Global Capital awarded Sustainalytics "Best SRI or Green Bond Research or Ratings Firm" and in 2018 and 2019, named Sustainalytics the "Most Impressive Second Party Opinion Provider. The firm was recognized as the "Largest External Reviewer" by the Climate Bonds Initiative as well as Environmental Finance in 2018, and in 2019 was named the "Largest Approved Verifier for Certified Climate Bonds" by the Climate Bonds Initiative. In addition, Sustainalytics received a Special Mention Sustainable Finance Award in 2018 from The Research Institute for Environmental Finance Japan and the Minister of the Environment Award in the Japan Green Contributor category of the Japan Green Bond Awards in 2019.

For more information, visit www.sustainalytics.com

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