

Framework Overview and Second-Party Opinion

Invesco Office J-REIT Green Bond

Evaluation Summary

Sustainalytics is of the opinion that the Invesco Office J-REIT Green Bond Framework is credible and impactful and aligns with the four core components of the Green Bond Principles 2018. This assessment is based on the following:



USE OF PROCEEDS The eligible categories for the use of proceeds, green buildings and energy efficiency, are recognized by the Green Bond Principles. Sustainalytics considers that the eligible projects will lead to positive environmental impacts and advance the UN Sustainable Development Goals (SDGs), specifically SDGs 7 and 11.



PROJECT EVALUATION / SELECTION Invesco Office J-REIT's internal process of evaluating and selecting projects is based on selection of potential projects by various departments, review by the investment committee, and approval by the Board of Directors. This is in line with market practice.



MANAGEMENT OF PROCEEDS Invesco Office J-REIT intends to allocate the net proceeds of the green bond to Eligible Green Projects immediately, or shortly after, issuance. Pending allocation, unallocated funds will be held in cash or cash equivalents, which will be tracked and updated at the end of each financial period. This is in line with market practice.



REPORTING Invesco Office J-REIT intends to report on allocation of proceeds on its website on an annual basis. In addition, Invesco Office J-REIT is committed to reporting environmental performance indicators including energy consumption, water consumption and CO₂ emissions. In Sustainalytics' view, reporting on these metrics is in line with market practice.

Evaluation date	18 October 2018
Issuer Location	Tokyo, Japan

Report Sections

Introduction.....	2
Overview of Issuer	2
Framework Overview	3
Sustainalytics' Opinion	6
Appendices	10

For inquires, contact the Sustainable Finance Solutions project team:

Wakako Mizuta (Tokyo)
 Project Manager
wakako.mizuta@sustainalytics.com
 (+81) 3 4510 7979

Ankita Shukla (New York)
 Project Manager
ankita.shukla@sustainalytics.com
 (+1) 617 603 3329

Zach Margolis (Toronto)
 Project Support
zach.margolis@sustainalytics.com
 (+1) 647 695 4341

Introduction

Invesco Office J-REIT, Inc. (Invesco Office J-REIT) has developed a green bond framework (the “framework”) under which it is planning to issue green bonds and use the proceeds to finance/refinance expenditures related to green buildings.

Invesco Office J-REIT engaged Sustainalytics to review the framework and provide a second-party opinion on the alignment of the green bond with the Green Bond Principles 2018 (the “GBP”), as administered by the International Capital Market Association (the “ICMA”),¹ and the framework’s environmental credentials.

As part of this engagement, Sustainalytics held conversations with various members of Invesco Office J-REIT’s management team to understand the sustainability impact of their business processes and planned use of proceeds, as well as management of proceeds and reporting aspects of Invesco Office J-REIT’s green bond. Sustainalytics also reviewed relevant public documents and non-public information.

This document contains two sections: Framework Overview – summary of the Invesco Office J-REIT Green Bond Framework; and Sustainalytics’ Opinion – an opinion on the framework.

Overview of Issuer

Invesco Office J-REIT was established on February 27, 2014 by Invesco Global Real Estate Asia Pacific, Inc. as the organizer under the Act on Investment Trusts and Investment Corporations of Japan. Invesco Office J-REIT was listed on the Real Estate Investment Trust Securities Market of the Tokyo Stock Exchange (Securities code: 3298) on June 5, 2014.

Invesco Office J-REIT is managed by Invesco Global Real Estate Asia Pacific, Inc. (the “Asset Management Company”). The Asset Management Company belongs to the Invesco Group, one of the world’s leading independent asset management companies. Invesco Office J-REIT owns office buildings in Japan with a strong focus on large-scale office buildings located in Japan’s major metropolitan areas.²

Invesco Office J-REIT, through the Asset Management Company’s global environmental policy, is committed to reducing utility consumption and carbon emissions from its asset portfolio, and some of which include compliance with legislation, waste management, emission reduction, and environmental certification such as ISO 14001 and LEED.³ Invesco Office J-REIT is planning to issue green bonds to further contribute its environmental policy and to fund green buildings.

¹ ICMA’s Green Bond Principles 2018 <https://www.icmagroup.org/green-social-and-sustainability-bonds/green-bond-principles-gbp/>

² Invesco Office J-REIT, Inc., Features of Invesco Office J-REIT <http://www.invesco-reit.co.jp/en/feature/index.html>

³ Invesco, Global Corporate Carbon Emissions and Environmental Policy Statement <https://www.invesco.com/corporate/dam/jcr:226fc41b-8af2-4ddf-abab-6e872bbc6066/20170307-global-corporate-carbon-emissions-and-environmental-policy-statement.pdf>

Framework Overview

For the purpose of issuing green bonds, Invesco Office J-REIT has developed the following framework which addresses the four core components of the Green Bond Principles (GBP): use of proceeds, project evaluation and selection process, management of proceeds, and reporting. The framework belongs to Invesco Office J-REIT, and a summary overview has been provided below.

Use of Proceeds

The proceeds of the green bond will be allocated to finance the acquisition of or refurbishments to existing and/or new assets that meet the following eligibility criteria ('Eligible Green Projects') and/or to refinance the existing loan/investment corporation bonds which has been allocated to Eligible Green Projects.

Eligibility Criteria

1. GREEN BUILDINGS and ENERGY EFFICIENCY

Invesco Office J-REIT shall apply one or more of the following criteria to allocate the proceeds into Eligible Green Projects:

- 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:
 - 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:
 - 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

Project Evaluation and Selection Process

Application of Eligibility and Exclusionary Criteria in Project Selection

The Asset Management Company's Investment Department, Asset Management Department, and Portfolio Management Department are responsible for selecting potential eligible projects. The Investment Committee, composed of the Asset Management Company's directors, a compliance officer, a head of Closing Services Department, and an external member, will evaluate these candidates to ensure that projects comply with the eligible criteria, and the final decision is approved by the Board of Directors.

Environmental Objectives

Invesco Office J-REIT recognizes that there are environmental implications to all the decisions it makes. In assessing risks and opportunities regarding environment, the company remains focused on the financial implication of its decisions as well as the environmental impact. Furthermore, Invesco Office J-REIT believes by taking a well-thought and disciplined approach to environment, it can successfully balance its environmental responsibilities while meeting the needs of investors and fulfilling its fiduciary responsibilities. Its strategy focusses on the following:⁴

⁴ Invesco, Invesco Real Estate ESG Objectives:
<https://www.invesco.com/static/us/institutions/contentdetail?contentId=c659442b13ec1510VgnVCM100000c2f1bf0aRCRD>

- Measuring and regularly reporting building energy, gas, water consumptions and CO2 emissions within its control, and in doing so seeking to continually and steadily improve performance of the eligible green projects. Targets are established at the property level and reviewed no less than annually.
- Evaluating and implementing low-cost measures, capital improvements and new technologies to improve the performance of its assets and advance the built environment.
- Evaluating the feasibility of pursuing third-party green building certifications using schemes prevalent in each specific region such as CASBEE or DBJ Green Building Certification Program.
- Taking a managed approach to the procurement of energy in deregulated energy markets.

Process to Mitigate Environmental and Social Risks

Any environmental and social risks and relevant data on the Eligible Green Projects is collected by the Asset Management Company's Asset Management Department, and are discussed, reviewed and shared annually at a meeting attended by the executive directors, a fund manager, and members of the Asset Management Department. The risks and data identified in the meetings are reported to the Managers Meeting of the Asset Management Company, which is composed of its executive directors and heads of each department including a compliance officer. Following the review and discussion, the Managers Meeting may suggest the needs of improvement on activities and identify the measures to mitigate the environmental and social issues for the following fiscal year.

Management of Proceeds

"The Debts of Eligible Green Projects" will be calculated by multiplying the total book value of the Eligible Green Properties, which is extracted out of the Invesco Office J-REIT's portfolio, by its book value Loan to Value (LTV/ based on interest-bearing debt) ratio as of the end of its latest fiscal period. As a part of the process, Invesco Office J-REIT will ensure that the net proceeds from its relevant outstanding green bond do not surpass the Debts of Eligible Green Projects. Net proceeds from the green bonds will be immediately, or shortly thereafter, allocated to the Eligible Green Projects or to the refinancing of existing debts, which have previously been allocated to the Eligible Green Projects. In cases where net proceeds from green bonds are not allocated to Eligible Green Projects or refinancing of existing debts immediately or shortly after the issuance, the Invesco Office J-REIT will track and maintain an amount equal to the balance of unallocated green bond proceeds in cash and cash equivalents.

Reporting

Allocation Reporting

Invesco Office J-REIT discloses the use of proceeds on its website on issuance date. This disclosure includes the amount allocated and the portion directed to financing and refinancing and completion dates of projects (dates of certification/recertification achieved, and dates of refurbishments completed). Additionally, Invesco Office J-REIT intends to disclose the use of proceeds annually on its website.

Impact Reporting

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:

- 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
 - Electricity consumption
 - Water consumption
 - CO2 emissions

Compliance Review

Before the first anniversary of the green bond issuance, Invesco Office J-REIT will engage Sustainalytics to review the lending financed by proceeds of the green bond in order to assess the compliance of the lending with the Invesco Office J-REIT Green Bond Framework. This review will be conducted annually until full allocation of the net proceeds from Invesco Office J-REIT's green bond. Sustainalytics will provide a report of the review, which Invesco Office J-REIT will publish on its investor relations website. In an unlikely event that the annual review identifies allocations made to activities that do not comply with the Invesco Office J-REIT Green Bond Framework, Invesco Office J-REIT will allocate the corresponding amounts to different borrowing activities that are compliant with the framework.

Sustainalytics' Opinion

Section 1: Sustainalytics' Opinion on the Invesco Office J-REIT Green Bond Framework

Summary

Sustainalytics is of the opinion that the Invesco Office J-REIT Green Bond Framework is credible and impactful, and aligns with the four core components of the Green Bond Principles 2018. Sustainalytics highlights the following elements of Invesco Office J-REIT's green bond framework:

- Use of Proceeds:
 - The eligibility criteria of its use of proceeds, Green Buildings and Energy Efficiency, are recognized by the Green Bond Principles as project categories with positive environmental benefits.
 - Strong alignment with credible third-party standards, namely DBJ Green Building Certification and CASBEE, signals adherence to global market standards. Sustainalytics acknowledges that the market best practice is to allocate the proceeds into the top two levels of certification within these schemes. However, it also considers that inclusion of the third level of certification creates a positive environmental impact. (Please refer to Appendix 1 for our assessment on these certifications).
 - Invesco Office J-REIT's has set a threshold of 10% improvement in energy use, water use, or CO₂ emissions in order for a project to qualify as eligible for the green bond(s). While Sustainalytics acknowledges that a 30-50% improvement in emission intensity for refurbished buildings may be considered best practice,⁵ Sustainalytics considers smaller improvements to provide environmental benefits, and encourages the issuer to prioritize projects with the greatest positive impacts and to report transparently on outcomes.
 - Invesco Office J-REIT is committed to using the net proceeds of the bond to refinance projects which have achieved certification and recertification within the 36 months preceding issuance. Sustainalytics acknowledges that the market may view the 24-month lookback period as market practice, however, it also views the 36-month lookback period as acceptable considering that green buildings will sustain positive environmental impacts.
- Project Selection Process:
 - Invesco Office J-REIT's process for project selection involves the initial identification of eligible projects by various departments of the Asset Management Company, a review of these candidates by the Investment Committee, and final approval by the Board of Directors. This process is in line with market practice.
- Management of Proceeds:
 - Invesco Office J-REIT intends to allocate the net proceeds of the green bond to Eligible Green Projects immediately, or shortly after, issuance. Pending allocation, unallocated funds will be held in cash or cash equivalents. Invesco Office J-REIT will track the allocation of proceeds and ensure that, as of the end of each fiscal period, the amount allocated does not surpass the debts of eligible green projects. This process is in line with market practice.
- Reporting:
 - Invesco Office J-REIT is committed to reporting, on its website, the amounts allocated and the share of financing and refinancing, updated annually. This disclosure is in line with market practice.
 - Invesco Office J-REIT intends to refinance projects with a maximum look back

⁵ As per CBI, A minimum improvement in emissions intensity of 50% is required for bond terms of 30 years and 30% for bond terms of 5 years.
<https://www.climatebonds.net/standard/buildings/upgrade>

- period of three years. Sustainalytics positively views Invesco Office J-REIT's effort to transparently report on the portion of refinancing projects and the completion date of its projects.
- Invesco Office J-REIT is committed to reporting annually on key environmental performance indicators including the number of eligible green properties, the total floor area of eligible properties, and electricity consumption, water consumption, and CO₂ emissions of eligible green properties, which is in line with market practice.

Alignment with Green Bond Principles 2018

Sustainalytics has determined that the Invesco Office J-REIT Green Bond Framework aligns with the four core components of the Green Bond Principles 2018. For detailed information please refer to Appendix 2: Green Bond/Green Bond Programme External Review Form.

Section 2: Sustainability Strategy of the Issuer

Contribution of framework to issuer's sustainability strategy and targets

Invesco Office J-REIT has stated its environmental objectives, which revolved around an overall strategy of balancing their fiduciary duty to shareholders with a recognition of the environmental impacts of their operations. In particular, they seek to:

- Measure and report on environmental impacts, including CO₂ emissions and water, gas, and energy consumption, as well as setting property-level targets.
- Implement cost-effective upgrades and technologies to make building operations more efficient.
- Where feasible, obtain green building certifications.

Furthermore, Invesco Office J-REIT is subject to the global policies of Invesco, including:

- The Invesco Real Estate ESG Objectives, which describes how ESG is "integrated into all phases of the investment management process", and lists specific factors within the Environmental, Social, and Governance areas, as well as a commitment to review and update these policies annually.
- A Global Carbon Emissions and Environmental Policy Statement, which lays out the aim "to reduce utility consumption and carbon emissions from the Invesco property portfolio as a fundamental part of design, procurement, construction, and maintenance." The specific objectives and commitments include a targeted 3% global reduction in CO₂ emissions, joining the UN Global Compact by 2021, and obtaining ISO 14001 or LEED certifications where practicable.
- An Occupational Health and Safety Policy Statement, which provides overarching practices as well as specific objectives, such as complying with relevant regulations and the development of ISO 45001-compliant processes.

Based on the stated objectives of their strategy, as well as the strength of the policies to which the company is subject, Sustainalytics considers Invesco Office J-REIT well-positioned to issue green bonds.

Well positioned to address common environmental and social risks associated with the projects

By constructing green buildings, or refurbishing existing buildings to improve performance, the use of proceeds of the Invesco Office J-REIT green bonds will deliver environmental benefits. Nevertheless, the buildings and real estate sector may be exposed to environmental and social risks, including but not limited to, worker health and safety, community and stakeholder support, and environmental impacts of the construction processes such as air, water, and soil pollution. To mitigate these risks, a process is in place by which the company's Asset Management Department collects risk information, and relays it to management at regular meetings. The outcome of these meetings is the development of plans on how to better address these concerns over the upcoming year. Additionally, Invesco's global occupational health and safety policies are in line with ISO 45001 as well as relevant local legislation.

Based on the processes in place, as well as the alignment with recognized standards, Sustainalytics considers Invesco Office J-REIT to be well-positioned to address common environmental and social risks associated with the projects funded by the green bonds.

Section 3: Impact of Use of Proceeds

Importance of green buildings to achieving energy efficiency targets in Japan

From 1973 until 2011, Japan’s energy strategy was focused on its nuclear power plants which generated around 30% of the country electricity.⁶ However, in the wake of the Fukushima-Daiichi nuclear disaster that took place in 2011, the Japanese government ordered a nation-wide closure of its reactors, which forced Japan to rely heavily on energy imports in order to meet its energy needs.

The Japanese building sector accounts for 33% of the total energy use in the country, and has increased in use recent years due to an increase in commercial real estate square footage; Data from 2009 indicate that air conditioning accounts for 50% of the energy demand of office buildings, lighting and office equipment for 30% and elevators for 20%.⁷

In 2015, the Ministry of Land, Infrastructure, Transport and Tourism launched the Building Energy Efficiency Act,⁸ as a means of increasing the efficiency of buildings. The Act provides regulations that are in accordance with energy efficiency standards for non-residential buildings⁹.

Given this context, it is expected that enhancements to energy efficiency in buildings will continue to increase in Japan. Therefore, Sustainalytics is of the opinion that the use of proceeds of Invesco Office J-REIT’s green bond will play a key role in financing green buildings, creating positive environmental impact while supporting Japan in meeting its own climate targets.

Alignment with/contribution to SDGs

The Sustainable Development Goals (SDGs) were set in September 2015 and form an agenda for achieving sustainable development by the year 2030. This green bond advances the following SDG goals and targets:

Use of Proceeds Category	SDG	SDG target
Green Buildings	11. Sustainable Cities and Communities	1.6 By 2030, reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management
Energy Efficiency	7. Affordable and Clean Energy	7.3 By 2030, double the global rate of improvement in energy efficiency

Conclusion

Invesco Office J-REIT has developed the Invesco Office J-REIT Green Bond Framework under which it will issue green bonds, with the proceeds being directed to financing or refinancing investments in green buildings and energy efficiency. Green buildings may include those certified by the Comprehensive Assessment System for Built Environment Efficiency (CASBEE) or DBJ Green Building Certification Program. Energy efficiency projects include improvements resulting in decreased CO₂ emissions by at least 10%. Sustainalytics is of the opinion that the projects eligible according to the framework will deliver positive environmental benefits.

All use of proceeds categories specified in the framework are aligned with those of the Green Bond Principles 2018; Invesco Office J-REIT has processes in place for project evaluation, selection, and management of proceeds in line with market practice; and commitments have been made to report on allocation and impacts.

⁶ Nuclear Power in Japan, World Nuclear Association <http://www.world-nuclear.org/information-library/country-profiles/countries-g-n/japan-nuclear-power.aspx>

⁷ Energy Efficiency (2009) Overview of energy consumption and GHG mitigation technologies in the building sector in Japan <http://environmentportal.in/files/Overview%20of%20energy%20consumption%20and%20GHG%20mitigation.pdf>

⁸ Overview of the Building Energy Efficiency Act (Japanese), Ministry of Land Infrastructure, Transport and Tourism, Japan <http://www.mlit.go.jp/common/001178846.pdf>

⁹ Overview of the Act on the improvement of Energy Consumption Performance of Buildings (Building Energy Efficiency Act), Ministry of Land Infrastructure, Transport and Tourism, Japan <https://www.mlit.go.jp/common/001134876.pdf>

Furthermore, Sustainalytics believes that the initiatives funded by the green bonds will contribute to the advancement of UN Sustainable Development Goals 7 and 11.

Based on the above points, Sustainalytics considers the Invesco Office J-REIT Green Bond Framework to be robust, transparent, and in alignment with the Green Bond Principles 2018 as well as Japan's Green Bond Guidelines 2017.

Appendices

Appendix 1: Overview of Real Estate Certification Schemes


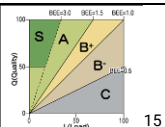
	DBJ Green Building Certification^{10 11}	CASBEE¹²
Background	DBJ Green Building Certification Programme was launched by Development Bank of Japan in 2011 and is operated together with Japan Real Estate Institute (JREI). The programme is recognized as one of the leading regional standards. The certification is available for office buildings, logistics, residential & retail facilities.	CASBEE (Comprehensive Assessment System for Built Environment Efficiency) represents a green building management system from Japan, evaluating and rating the environmental performance of buildings and the built environment. CASBEE is formed of four assessment tools tailored to different scales: housing, building, district and city.
Certification levels	1 Star 2 Stars 3 Stars 4 Stars 5 Stars	C (Poor) B- (Slightly Poor) B+ (Good) A (Very Good) S (Excellent)
Areas of Assessment: Environmental Project Management	Evaluation of DBJ Green Building Certification includes construction specifications, environmental features as well as social factors.	CASBEE assesses two main factors: inside and outside the building site, which translate into Q (Built Environment Quality) and, respectively, L (Built Environment Load).
Areas of Assessment: Environmental Performance of the Building	Assessment includes three areas. Each area includes additional subcategories: <ul style="list-style-type: none"> • Ecology • Risk management & amenities/diversity • Community & partnership 	<ul style="list-style-type: none"> • Energy Efficiency • Resource efficiency • Local environment • Indoor environment
Requirements	Score-based performance level There are three main areas comprised of additional subcategories a full score of 100 points. In addition to the regular points, an additional point system is employed. In the final process, JREI will conduct on the ground review of building performance on the indicators above, and a committee set in JREI will decide the result of certification rank. ¹³	Score-based performance level CASBEE uses the BEE (Built Environment Efficiency) as its assessment indicator, which is calculated from Q (Built Environment Quality) as the numerator and L (Built Environment Load) as the denominator. Q and L are obtained through the classification and rearrangement of the four areas of assessment. Buildings may receive ranks ranging from C (poor) to S (excellent), in order of increasing BEE value. For authorization, a building must receive a report from the CASBEE Certification system, which is afterwards assessed by the local government.

¹⁰ Certification Overview, Development Bank of Japan; http://www.dbj.jp/en/service/finance/g_building/outline.html

¹¹ DBJ Green Building Certification (Japanese), Development Bank of Japan; http://www.dbj.jp/service/finance/g_building/outline.html

¹² CASBEE, BASBEE; <http://www.ibec.or.jp/CASBEE/english/>

¹³ Process of certification (Japanese), DBJ Green Buildings; <http://igb.jp/flow.html>

<p>Performance display</p>		
<p>Qualitative considerations</p>	<p>In addition to LEED and CASBEE, DBJ Green Buildings Certification Programme is considered as one of the green building standards in Japan.¹⁶ According to its website, as of Feb 2018, 499 properties in Japan are certified by the programme.</p>	<p>In Japan, many local governments have made CASBEE assessment results mandatory for building permits. Compared to similar tools available internationally, CASBEE displays a unique and simple structure.</p>

¹⁴ DBJ Green Building, Development Bank of Japan; http://www.dbj.jp/en/pdf/service/finance/g_building/gb_presentation.pdf

¹⁵ Built Environment Efficiency, CASBEE; <http://www.ibec.or.jp/CASBEE/english/beeE.htm>

¹⁶ Japan sharpens its green building focus, Read Views; <https://www.jllrealviews.com/places/japan-sharpens-its-green-building-focus/>

Appendix 2: Green Bond / Green Bond Programme - External Review Form

Section 1. Basic Information

Issuer name:	Invesco Office J-REIT
Green Bond ISIN or Issuer Green Bond Framework Name, if applicable: <i>[specify as appropriate]</i>	Invesco Office J-REIT Green Bond Framework
Review provider's name:	Sustainalytics
Completion date of this form:	October 18, 2018
Publication date of review publication: <i>[where appropriate, specify if it is an update and add reference to earlier relevant review]</i>	

Section 2. Review overview

SCOPE OF REVIEW

The following may be used or adapted, where appropriate, to summarise the scope of the review.

The review assessed the following elements and confirmed their alignment with the GBPs:

- | | |
|--|--|
| <input checked="" type="checkbox"/> Use of Proceeds | <input checked="" type="checkbox"/> Process for Project Evaluation and Selection |
| <input checked="" type="checkbox"/> Management of Proceeds | <input checked="" type="checkbox"/> Reporting |

ROLE(S) OF REVIEW PROVIDER

- | | |
|---|--|
| <input checked="" type="checkbox"/> Consultancy (incl. 2 nd opinion) | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification | <input type="checkbox"/> Rating |
| <input type="checkbox"/> Other <i>(please specify)</i> : | |

Note: In case of multiple reviews / different providers, please provide separate forms for each review.

EXECUTIVE SUMMARY OF REVIEW and/or LINK TO FULL REVIEW *(if applicable)*

Please refer to Evaluation Summary above.

Section 3. Detailed review

Reviewers are encouraged to provide the information below to the extent possible and use the comment section to explain the scope of their review.

1. USE OF PROCEEDS

Overall comment on section *(if applicable)*:

The eligible categories for the use of proceeds, green buildings and energy efficiency, are recognized by the Green Bond Principles. Sustainalytics considers that the eligible projects will lead to positive environmental impacts and advance the UN Sustainable Development Goals (SDG), specifically SDGs 7 and 11.

Use of proceeds categories as per GBP:

- | | |
|--|--|
| <input type="checkbox"/> Renewable energy | <input checked="" type="checkbox"/> Energy efficiency |
| <input type="checkbox"/> Pollution prevention and control | <input type="checkbox"/> Environmentally sustainable management of living natural resources and land use |
| <input type="checkbox"/> Terrestrial and aquatic biodiversity conservation | <input type="checkbox"/> Clean transportation |
| <input type="checkbox"/> Sustainable water and wastewater management | <input type="checkbox"/> Climate change adaptation |
| <input type="checkbox"/> Eco-efficient and/or circular economy adapted products, production technologies and processes | <input checked="" type="checkbox"/> Green buildings |
| <input type="checkbox"/> Unknown at issuance but currently expected to conform with GBP categories, or other eligible areas not yet stated in GBPs | <input type="checkbox"/> Other <i>(please specify)</i> : |

If applicable please specify the environmental taxonomy, if other than GBPs:

2. PROCESS FOR PROJECT EVALUATION AND SELECTION

Overall comment on section (if applicable):

The Asset Management Company's internal process of evaluating and selecting projects is based on selection of potential projects by various departments, review by the investment committee, and approval by the Board of Directors. This is in line with market practice.

Evaluation and selection

- | | |
|--|---|
| <input checked="" type="checkbox"/> Credentials on the issuer's environmental sustainability objectives | <input checked="" type="checkbox"/> Documented process to determine that projects fit within defined categories |
| <input checked="" type="checkbox"/> Defined and transparent criteria for projects eligible for Green Bond proceeds | <input checked="" type="checkbox"/> Documented process to identify and manage potential ESG risks associated with the project |

- Summary criteria for project evaluation and selection publicly available Other (*please specify*):

Information on Responsibilities and Accountability

- Evaluation / Selection criteria subject to external advice or verification In-house assessment
- Other (*please specify*):

3. MANAGEMENT OF PROCEEDS

Overall comment on section (*if applicable*):

Invesco Office J-REIT intends to allocate the net proceeds of the green bond to Eligible Green Projects immediately, or shortly after, issuance. Pending allocation, unallocated funds will be held in cash or cash equivalents, which will be tracked and updated at the end of each financial period. This is in line with market practice.

Tracking of proceeds:

- Green Bond proceeds segregated or tracked by the issuer in an appropriate manner
- Disclosure of intended types of temporary investment instruments for unallocated proceeds
- Other (*please specify*):

Additional disclosure:

- Allocations to future investments only Allocations to both existing and future investments
- Allocation to individual disbursements Allocation to a portfolio of disbursements
- Disclosure of portfolio balance of unallocated proceeds Other (*please specify*):

4. REPORTING

Overall comment on section (*if applicable*):

Invesco Office J-REIT intends to report on allocation of proceeds on its website on an annual basis. In addition, Invesco Office J-REIT is committed to reporting environmental performance indicators including

energy consumption, water consumption and CO2 emissions. In Sustainalytics' view, reporting on these metrics is in line with market practice.

Use of proceeds reporting:

- | | |
|--|--|
| <input type="checkbox"/> Project-by-project | <input checked="" type="checkbox"/> On a project portfolio basis |
| <input type="checkbox"/> Linkage to individual bond(s) | <input type="checkbox"/> Other (please specify): |

Information reported:

- | | |
|---|---|
| <input checked="" type="checkbox"/> Allocated amounts | <input checked="" type="checkbox"/> Green Bond financed share of total investment |
| <input type="checkbox"/> Other (please specify): | |

Frequency:

- | | |
|--|--------------------------------------|
| <input checked="" type="checkbox"/> Annual | <input type="checkbox"/> Semi-annual |
| <input type="checkbox"/> Other (please specify): | |

Impact reporting:

- | | |
|--|--|
| <input type="checkbox"/> Project-by-project | <input checked="" type="checkbox"/> On a project portfolio basis |
| <input type="checkbox"/> Linkage to individual bond(s) | <input type="checkbox"/> Other (please specify): |

Frequency:

- | | |
|--|--------------------------------------|
| <input checked="" type="checkbox"/> Annual | <input type="checkbox"/> Semi-annual |
| <input type="checkbox"/> Other (please specify): | |

Information reported (expected or ex-post):

- | | |
|---|---|
| <input checked="" type="checkbox"/> GHG Emissions / Savings | <input type="checkbox"/> Energy Savings |
| <input type="checkbox"/> Decrease in water use | <input checked="" type="checkbox"/> Other ESG indicators (please specify): Green building certifications, Square footage, Electricity consumption and Water consumption |

Means of Disclosure

- | | |
|---|---|
| <input type="checkbox"/> Information published in financial report | <input type="checkbox"/> Information published in sustainability report |
| <input type="checkbox"/> Information published in ad hoc documents | <input checked="" type="checkbox"/> Other (please specify): company website |
| <input type="checkbox"/> Reporting reviewed (if yes, please specify which parts of the reporting are subject to external review): | |

Where appropriate, please specify name and date of publication in the useful links section.

USEFUL LINKS (e.g. to review provider methodology or credentials, to issuer's documentation, etc.)

SPECIFY OTHER EXTERNAL REVIEWS AVAILABLE, IF APPROPRIATE

Type(s) of Review provided:

- | | |
|--|--|
| <input type="checkbox"/> Consultancy (incl. 2 nd opinion) | <input type="checkbox"/> Certification |
| <input type="checkbox"/> Verification / Audit | <input type="checkbox"/> Rating |
| <input type="checkbox"/> Other (<i>please specify</i>): | |

Review provider(s):

Date of publication:

ABOUT ROLE(S) OF REVIEW PROVIDERS AS DEFINED BY THE GBP

- i. **Consultant Review:** An issuer can seek advice from consultants and/or institutions with recognized expertise in environmental sustainability or other aspects of the issuance of a Green Bond, such as the establishment/review of an issuer's Green Bond framework. "Second Party Opinions" may fall into this category.
- ii. **Verification:** An issuer can have its Green Bond, associated Green Bond framework, or underlying assets independently verified by qualified parties, such as auditors. In contrast to certification, verification may focus on alignment with internal standards or claims made by the issuer. Evaluation of the environmentally sustainable features of underlying assets may be termed verification and may reference external criteria.
- iii. **Certification:** An issuer can have its Green Bond or associated Green Bond framework or Use of Proceeds certified against an external green assessment standard. An assessment standard defines criteria, and alignment with such criteria is tested by qualified third parties / certifiers.
- iv. **Rating:** An issuer can have its Green Bond or associated Green Bond framework rated by qualified third parties, such as specialised research providers or rating agencies. Green Bond ratings are separate from an issuer's ESG rating as they typically apply to individual securities or Green Bond frameworks / programmes.

Disclaimer

© Sustainalytics 2018. All rights reserved.

The intellectual property rights to this Second-Party Opinion (the “Opinion”) are vested exclusively in Sustainalytics. Unless otherwise expressly agreed in writing by Sustainalytics, no part of this Opinion may be reproduced, disseminated, comingled, used to create derivative works, furnished in any manner, made available to third parties or published, parts hereof or the information contained herein in any form or in any manner, be it electronically, mechanically, through photocopies or recordings, nor publicly released without the “Green Bond Framework” in conjunction with which this Opinion has been developed.

The Opinion was drawn up with the aim to provide objective information on why the analyzed bond is considered sustainable and responsible, and is intended for investors in general, and not for a specific investor in particular. Consequently, this Opinion is for information purposes only and Sustainalytics will not accept any form of liability for the substance of the opinion and/or any liability for damage arising from the use of this Opinion and/or the information provided in it.

As the Opinion is based on information made available by the client, the information is provided “as is” and, therefore Sustainalytics does not warrant that the information presented in this Opinion is complete, accurate or up to date, nor assumes any responsibility for errors or omissions. Any reference to third party names is for appropriate acknowledgement of their ownership and does not constitute a sponsorship or endorsement by such owner.

Nothing contained in this Opinion shall be construed as to make a representation or warranty, express or implied, regarding the advisability to invest in or include companies in investable universes and/or portfolios. Furthermore, nothing contained in this Opinion shall be construed as an investment advice (as defined in the applicable jurisdiction), nor be interpreted and construed as an assessment of the economic performance and credit worthiness of the bond, nor to have focused on the effective allocation of the funds’ use of proceeds.

The client is fully responsible for certifying and ensuring its commitments’ compliance, implementation and monitoring.

In case of discrepancies between the English language and translated versions, the English language version shall prevail.

Sustainalytics

Sustainalytics is a leading independent ESG and corporate governance research, ratings and analytics firm that support 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. Global Capital named Sustainalytics the "Most Impressive Second Party Opinion Provider in 2017". In 2018, the firm was recognized as the "Largest External Reviewer" by the Climate Bonds Initiative as well as Environmental Finance. In addition, Sustainalytics received a Special Mention Sustainable Finance Award in 2018 from The Research Institute for Environmental Finance Japan for its contribution to the growth of the Japanese Green Bond Market.

For more information, visit www.sustainalytics.com

Or contact us info@sustainalytics.com

