

May 26, 2022

To whom it may concern

Sumitomo Mitsui Trust Bank, Limited

**Notice regarding the Conclusion of a Positive Impact Finance (with unspecified use of funds)
Loan Agreement (with Sekisui House Reit, Inc.)**

Sumitomo Mitsui Trust Bank, Limited (President: Kazuya Oyama; hereinafter “SuMi TRUST Bank”) and Sekisui House Reit, Inc. (Executive Director: Atsuhiko Kida; hereinafter “SHR”) concluded a “Positive Impact Finance (with unspecified use of funds)” loan agreement (hereinafter “this agreement”) that is in line with the Principles for Positive Impact Finance (*1) released by the United Nations Environment Programme Finance Initiative (hereinafter “UNEP FI”) (*2).

Positive Impact Finance (hereinafter “PIF”) is intended to support corporations’ activities of which we comprehensively analyze and evaluate the impacts (both positive and negative) related to the environment, society and economy. The most notable feature of PIF is that the degree of contribution from corporate activities, products and services in achieving Sustainable Development Goals (SDGs) is used as evaluation indicator and monitored based on publicly disclosed information, and that we support corporations’ activities to achieve these goals through engagement.

SHR is sponsored by Sekisui House, Ltd., a leading homebuilder representing Japan with an established development and management track record also in the property development business. SHR is aiming to maximize unitholder value and provide high-quality social capital with prior investments in “Prime Properties,” which is based on strategic location and high quality, and growth strategy that optimally utilize the integrated corporate strengths and know-how of the Sekisui House Group.

Moreover, SHR has a vision, “Managing assets to better provide for people, society and the future.” Based on the Sustainability Policy established by Sekisui House Asset Management, Ltd., SHR strives to contribute to the realization of a sustainable society and increase corporate value by observing and implementing such policy.





【Overview of this Agreement】



Date of Agreement	May 26, 2022
Arranger/Agent	SuMi TRUST Bank
Sum	6 billion yen
Purpose of Loan	Repayments for existing debts
Lender (listed in order of the Japanese kana syllabary)	Mizuho Bank, Ltd., Mizuho Trust & Banking Co., Ltd., Resona Bank, Limited., The Norinchukin Bank, The Bank of Fukuoka, Ltd., Shinkin Central Bank, The 77 Bank, Ltd., The Yamaguchi Bank, Ltd., The Shizuoka Bank, Ltd., Hiroshima Bank, Ltd., Aozora Bank, Ltd., Nippon Life Insurance Company, The Joyo Bank, Ltd., and SuMi TRUST Bank

【Overview of Positive Impact Evaluation】

In concluding this agreement, SuMi TRUST Bank assessed the following initiatives of SHR both

qualitatively and quantitatively as initiatives that particularly have impact on achieving SDGs.

Theme	Content	Goals and Indicators (KPI)	SDGs
Promotion of responding to climate change	<ul style="list-style-type: none"> ✓ Reduce CO₂ emissions by promoting the efficient use of energy by implementing capital investment, energy-conservation initiatives, etc. in owned properties ✓ Invest in real estate with excellent environmental performance and promote actively acquiring green certification with the aim of increasing the objective environmental performance of its properties and assessing the improvement points <p>[Assets with strong relevance]</p> <ul style="list-style-type: none"> ✓ Office buildings ✓ Residential buildings ✓ Hotels 	<p>a. Reduction of CO₂ emissions (Goal)</p> <ul style="list-style-type: none"> ✓ Reduce CO₂ emission intensity of portfolio by 50% by FY 2030 compared to FY 2018 <p>(Indicator (KPI))</p> <ul style="list-style-type: none"> ✓ CO₂ emission intensity (t-CO₂/m²) <p>b. Energy consumption reduction (Goals)</p> <ul style="list-style-type: none"> ✓ Reduce energy consumption intensity of portfolio by 5% by FY 2023 compared to FY 2018 ✓ Set a reduction target every five years from FY 2023 onwards, and promote continuous reduction of energy consumption intensity <p>(Indicator (KPI))</p> <ul style="list-style-type: none"> ✓ Energy consumption intensity (kWh/m²) <p>c. Enhancement of green certification acquisition rate (Goals)</p> <ul style="list-style-type: none"> ✓ Achieve 70% or more of the portfolio with green certification by FY 2022 ✓ Continue to do so from FY 2022 onwards ※ total floor base <p>(Indicator (KPI))</p> <ul style="list-style-type: none"> ✓ Green certification acquisition rate ※ Certification for CASBEE for Real Estate, DBJ Green Building Certification 	 
Promotion of activities for environmental resources	<ul style="list-style-type: none"> ✓ Reduce waste by promoting the 3Rs (reduce, reuse and recycle) ✓ Reduce water consumption by reducing water use and reuse of rainwater <p>[Assets with strong relevance]</p> <ul style="list-style-type: none"> ✓ Office buildings ✓ Residential buildings 	<p>a. Reduction of waste (Goal)</p> <ul style="list-style-type: none"> ✓ No increase in waste intensity of portfolio compared to FY 2018 <p>(Indicator (KPI))</p> <ul style="list-style-type: none"> ✓ Waste intensity (kg/m²) <p>b. Reduction of water consumption (Goal)</p> <ul style="list-style-type: none"> ✓ No increase in water use intensity of portfolio compared to FY 2018 <p>(Indicator (KPI))</p> <ul style="list-style-type: none"> ✓ Water use intensity (m³/m²) 	 

Providing residents and tenants with secure and comfortable space that offers peace of mind	<ul style="list-style-type: none"> ✓ Improve users satisfaction and enhance building value by providing residents and tenants with secure and comfortable space that offers peace of mind <p>[Assets with strong relevance]</p> <ul style="list-style-type: none"> ✓ Office buildings ✓ Residential buildings 	<p>(Goal)</p> <ul style="list-style-type: none"> ✓ Improve the security and comfort of space that offers peace of mind of residents and tenants <p>(Indicators (KPI))</p> <ul style="list-style-type: none"> ✓ The status of initiatives for improving the security and comfort of space that offers peace of mind of residents and tenants ✓ The status of regular assessment of risks of earthquakes and floodings and initiatives to minimize risks 	 
---	--	---	---

This agreement has obtained a third-party opinion (*4) from Japan Credit Rating Agency, Ltd. (President: Shokichi Takagi) regarding compliance of the procedures related to this agreement’s evaluation to the Principles as well as the rationality of the evaluation indicators.

Through providing PIF and other solution for sustainability businesses, we will continue to support clients’ business activities that contribute to the achievement of the SDGs and contribute to the enhancement of their corporate value over the medium to long term.

Ends

(*1) The Principles for Positive Impact Finance

The Principles for Positive Impact Finance was developed by UNEP FI in January 2017 as a financial framework for achieving the SDGs. Companies disclose the level of contributions to achieving SDGs through KPIs. Banks then provide funding by evaluating the positive impact observed from these KPIs that is intended to guide the borrowers to increase positive impact and reduce negative impact.

The lending bank, as a responsible financial institution, will check if the impact is continuing or not by monitoring the indicators.

(*2) The United Nations Environment Programme Finance Initiative (UNEP FI)

The United Nations Environment Programme (UNEP) is an executive body for implementing the “Human Environment Declaration” and the “International Environmental Action Programme”, established in 1972 as a subsidiary body to the United Nations system. UNEP FI represents a broad as well as close partnership between UNEP and more than 200 global financial institutions. Since its establishment in 1992, UNEP FI has been working in concert with financial institutions, policy/regulatory authorities to transform itself into a financial system that integrates economic development and ESG considerations.

(*3) For the independent opinion from Japan Credit Rating Agency, Ltd., please visit:

<https://www.jcr.co.jp/en/>