

December 15, 2022

To whom it may concern

Sumitomo Mitsui Trust Bank, Limited

Notice regarding the inaugural conclusion of a Positive Impact Evaluation on an investment corporation and Positive Impact Finance (with unspecified use of funds) Loan Agreement (with ORIX JREIT Inc.)

Sumitomo Mitsui Trust Bank, Limited (President: Kazuya Oyama; hereinafter “SuMi TRUST Bank”) concluded a “Positive Impact Evaluation” (hereinafter “this evaluation”) and “Positive Impact Finance (with unspecified use of funds)” loan agreement (hereinafter “this agreement”) with ORIX JREIT Inc. (Executive Director: Hiroshi Miura; hereinafter “OJR”) in line with the Principles for Positive Impact Finance (*1) released by the United Nations Environment Programme Finance Initiative (hereinafter “UNEP FI”) (*2), its Model Framework for Financial Products for Corporates with Unspecified Use of Funds and its Positive Impact Real Estate Investment Framework. This Positive Impact Evaluation, the target of which is not an individual loan but an investment corporation as a whole, is the first of its kind for the J-REIT sector.

Positive Impact Finance (hereinafter “PIF”) is a type of loan agreement intended to support corporations to comprehensively analyze and evaluate the impacts (both positive and negative) of business activities related to the environment, society and economy on an ongoing basis. 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 an evaluation indicator and monitored based on publicly disclosed information, and that we support corporations’ activities to achieve these goals through engagement.

This agreement has obtained a third-party opinion (*3) from Japan Credit Rating Agency, Ltd. (President: Shokichi Takagi) regarding the 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 solutions 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.









【About OJR】

OJR believes that it is vital to consider issues surrounding ESG in order to achieve sustainable asset management. ORIX Asset Management Corporation, the asset manager for OJR, has established its ESG Policy to put these beliefs into practice and to achieve stable growth in unitholder value, which is in line with OJR's management philosophy. In September 2021, OJR updated its medium-term and long-term targets for climate change, and is promoting the acquirement of green building certifications and supporting TCFD (*4) recommendations to achieve carbon neutrality by 2050. Also, OJR promotes activities contributing to improving customer satisfaction, and maintaining and improving the health and comfort of building users while at the same time enhancing the value of its properties through dialogue with stakeholders.

【Overview of Positive Impact Evaluation】

In concluding this agreement, SuMi TRUST Bank assessed the following initiatives of OJR both qualitatively and quantitatively as initiatives that particularly have an impact on achieving SDGs.

Theme	Content	Goals and Indicators (KPI)	SDGs
Promotion of climate change countermeasures	<ul style="list-style-type: none"> ✓ Reduce greenhouse gas emissions by installing equipment that contributes to improving energy efficiency and energy saving at our properties ✓ Work for visualization of objectivity and performance by acquiring “green building” certifications 	<p>a.Reduction of CO₂ emissions (Goals)</p> <ul style="list-style-type: none"> ✓ Achieve carbon neutrality by 2050 ✓ Reduce CO₂ emissions intensity by 35% by 2030 compared to 2018 <p>(Indicator (KPI))</p> <ul style="list-style-type: none"> ✓ CO₂ emissions intensity (t-CO₂/m²) <p>b.Reduction of energy consumption (Goal)</p> <ul style="list-style-type: none"> ✓ Reduce by an average of 1% or more a year the energy consumption intensity of the properties based on the intensity over the past five years <p>(Indicator (KPI))</p> <ul style="list-style-type: none"> ✓ Energy consumption intensity (kl/m²) <p>c.Expansion of use of renewable energy (Goal)</p> <ul style="list-style-type: none"> ✓ Continue reviewing and disclosing the amount of renewable energy installation, and consider formulating the goal <p>(Indicators (KPI))</p> <ul style="list-style-type: none"> ✓ The amount of renewable energy installation ✓ The status of consideration in formulating the goal for renewable energy installation <p>d.Promotion of acquiring green building certifications (Goal)</p> <ul style="list-style-type: none"> ✓ Achieve green certification (DBJ, CASBEE, BELS) for over 70% of floor space of properties under OJR’s operational control by 2030 <p>(Indicator (KPI))</p> <ul style="list-style-type: none"> ✓ Rate of acquisition of green building certifications 	 

<p>Management of waste and water resources</p>	<ul style="list-style-type: none"> ✓ Promote efficient use of resources, waste reduction and recycling ✓ When disposing of waste, comply with laws and regulations and dispose properly ✓ Use water resources efficiently 	<p>a. Reduction of waste (Goal)</p> <ul style="list-style-type: none"> ✓ Maintain the landfill disposal rate at 1% or less in 2030 <p>(Indicator (KPI))</p> <ul style="list-style-type: none"> ✓ Landfill disposal rate <p>b.Reduction of use of water (Goal)</p> <ul style="list-style-type: none"> ✓ Reduce water use compared to the previous year <p>(Indicator (KPI))</p> <ul style="list-style-type: none"> ✓ The amount of the use of water 	 
<p>Improve the health, safety and well-being of customers (tenants and users)</p>	<ul style="list-style-type: none"> ✓ At our properties, improve the satisfaction of customers and enhance the competitiveness of the properties by conducting environmental and energy-saving measures and asset management aimed at improving health, safety and well-being ✓ Work for visualization of objectivity and performance by acquiring various “green building” certifications ✓ Increase the intangible and tangible resiliency of properties through our asset management so that it leads to customer satisfaction 	<p>(Goal)</p> <ul style="list-style-type: none"> ✓ Improve the health, safety, well-being and satisfaction of customers (tenants and users) <p>(Indicator)</p> <ul style="list-style-type: none"> ✓ Status of work for improvement of the health, safety, well-being and satisfaction for customers (tenants and users) 	  
<p>Collaboration with stakeholders / supply chain</p>	<ul style="list-style-type: none"> ✓ Promote ESG through the collaboration with stakeholders / supply chain 	<p>(Goal)</p> <ul style="list-style-type: none"> ✓ Promote the conclusion of property management agreements to include clauses regarding ESG <p>(Indicator (KPI))</p> <ul style="list-style-type: none"> ✓ Status of the conclusion of property management agreements including clauses regarding ESG 	  

(*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 the positive impact and reduce the 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 a 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) Third-party opinion on compliance with Principles of Positive Impact Financial and rationality of used metrics

For the independent opinion from Japan Credit Rating Agency, Ltd., please visit:

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

(*4) TCFD

The TCFD, chaired by Michael Bloomberg, was established by the Financial Stability Board (FSB) in response to a call from the G20 to develop a set of recommendations for use by companies on how to disclose climate-related information and respond to financial institutions.

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